



RATAN TATA
LIBRARY

RATAN TATA LIBRARY

Call No.

4

A8.2

Accession No. 37981

Date of release for loan

This book should be returned on or before the date last stamped below. An overdue charge of 10 Paise will be collected for each day the book is kept overdue.

REPRINTS OF ECONOMIC CLASSICS

PRINCIPLES OF SOCIAL SCIENCE

Volume II

PRINCIPLES of SOCIAL SCIENCE

By HENRY C. CAREY
(1858)

THREE VOLUMES

Volume II



REPRINTS OF ECONOMIC CLASSICS

*Augustus M. Kelley, Bookseller
New York 1963*

Original edition, 1858-1859

Library of Congress Catalogue Card Number
63-22257

Printed in the United States of America.

PRINCIPLES
or
SOCIAL SCIENCE.

PRINCIPLES
OF
SOCIAL SCIENCE.

BY
H. C. CAREY.

IN THREE VOLUMES.
VOL. II.

PHILADELPHIA:
J. B. LIPPINCOTT & CO.
LONDON:—TRUBNER & CO.
PARIS:—GUILLAUMIN & CO.
1865.

Entered, according to Act of Congress, in the year 1858, by
H. O. CAREY,
in the Clerk's Office of the District Court of the United States for the Eastern District of
Pennsylvania.

THE AUTHOR TO THE READER.

THIS volume having been written two years since, and being now printed as it then was written, the facts and figures here given as of the present, are those of 1856 — the anticipations of the future being, in like manner, those which the author held to be legitimate deductions from then existing facts. Many of them have since been verified, while others are in course of being so—all the phenomena of the eventful period that since has passed, being in precise accordance with the views here published.

PHILADELPHIA, *September*, 1856.

CONTENTS

OF

VOL. II.

CHAPTER XX.

OF VITAL CHANGES IN THE FORM OF MATTER.

	PAGE
1. Irregularity in the demand for the powers of the early settler, and consequent waste of force. Economy of force resulting from increased ability to command the services of nature. The greater the economy, the more rapid is the development of the Man, and the greater the tendency to further increase of wealth. The more perfect the power of association, the greater is the economy of human force	17
2. The greater that economy, the larger is the proportion of the labor employed, that may be given to the development of the powers of the earth, and towards augmentation of the quantity of rude products. Gradual changes in the proportions borne by the forces that are employed, to those which are altogether waste.....	19
3. The more continuous the demand for labor, the larger is the supply of the raw materials of food and clothing. The larger that supply, the greater is the power of association, and the more continuous the demand for human force	21
4. Changes in the proportions of society, resulting from increase in the power of association and combination	21
5. The nearer the place of conversion to that of production, the greater is the power of combination, and the more perfect the economy of the human forces. The greater that economy, the more general becomes the development of individuality, the larger is the production, and the more rapid the process of accumulation	23
6. Agriculture, being the pursuit that requires the largest amount of knowledge, is, therefore, latest in its development. That it may be developed, the earth must have returned to it the refuse of its products. That they may be so returned, the place of conversion must be near the place of pro-	

duction. The closer their approximation, the more perfect is the facility of combination, and the greater the economy of human force	25
‡ 7. Difficulty of combination among a purely agricultural people. Slavery of the labourer its necessary consequence	26
‡ 8. As employments become diversified, the circulation becomes more rapid, labour is economized, agriculture is developed, and man becomes more free. Commerce grows with the growth of differences among men, and the consequent increase in the freedom of man	27
‡ 9. The farmer near to market, always making a machine; the one distant from it, always destroying one. With the one, labour and its products are, daily, more and more economized. With the other, the waste increases from day to day — man's progress, in whatsoever direction, being one of constant acceleration	28
‡ 10. The more perfect the economy of human force, resulting from the creation of a domestic market, the greater is the power to maintain commerce with distant men	32
‡ 11. Gambling character of the labors of the field, where the market is distant. Diminution of risk, resulting from the approximation of the consumer and the producer.....	33
‡ 12. Modern English economists teach, that agriculture is the least productive of the pursuits of man. Wide difference between their system, and that of Adam Smith	35
‡ 13. Human progress in the direct ratio borne by the demand for capital in the form of Man, to that for capital in the form of commodities required for the production of men. The less continuous the societary motion, the greater is the waste of human force, and the more rapid the decline in the value of man	38
‡ 14. Social phenomena observed in Ireland, India, and other countries, in which the consumer and producer are becoming more widely separated	40
‡ 15. British system looks to the separation of the consumers and producers of the world — to the consequent destruction of agriculture — and to the elevation of trade at the expense of commerce. Hence it is, that it has given rise to the theory of over-population. Resistance thereto, by all the advancing communities of the world	41

CHAPTER XXI.

THE SAME SUBJECT CONTINUED.

‡ 1. Constant alliance between war and trade, as exhibited in the history of France. Poverty and dishonesty of its sovereigns	43
‡ 2. Uniform tendency of its policy, prior to the days of Colbert, towards giving to trade the mastery over commerce	44
‡ 3. Obstacles standing in the way of domestic commerce. Tendency of Colbert's measures, that of increasing the rapidity of the societary movement..	45

§ 4. Warlike policy of Louis XIV., and consequent necessity for abandonment of Colbert's system. Expulsion of the Huguenots, and annihilation of manufactures. Consequent unproductiveness of agriculture, and wretchedness of the people	47
§ 5. Colbert's policy maintained by Turgot. Abandoned by the negotiators of the Eden Treaty. Consequent annihilation of commerce. Poverty of the people leads to revolution. Colbert's system re-established. Extraordinary growth in the money value of the products of French agriculture	48
§ 6. Great increase in the quantity of the products of the soil of France	54
§ 7. Changes in the distribution of labor's products, resulting from increase in the power of association and combination, and in the quantity of commodities produced	56
§ 8. Great increase in the value of land, resulting from increase in the power of association, and diminution of the tax of transportation	63
§ 9. Constant acceleration of the societary movement	64
§ 10. Great increase in the proportion of the human powers, given to causing augmentation in the quantity of commodities to be converted and consumed,	65
§ 11. France, a country of "contrasts"—its social system tending towards decentralization, while its political one tends, more and more, towards centralization. Consequent inability to cultivate its richest lands	66
§ 12. Colbert's policy in strict accordance with the doctrines of Adam Smith,	69

CHAPTER XXII.

THE SAME SUBJECT CONTINUED.

§ 1. Wide difference between the French and British systems—the former looking to the approximation of the producer and consumer, and the latter to their separation	72
§ 2. Consequences of this exhibit themselves, in the great increase in the value of French land, as compared with that of the United Kingdom	74
§ 3. Comparative growth of French and British agriculture	76
§ 4. Great decline in the prices of the products of British agriculture, as compared with those of France	77
§ 5. French land being more divided, the small proprietor profits by increase in the prices of his products and his land. British tenants ruined by decline in the price of food. French system tends to the establishment of equality among men, while the British one tends to augment the inequality that now exists	78
§ 6. French policy looks to making manufactures subsidiary to agriculture—facilitating the export of the products of the soil of France. Consequent increase of French commerce	80
§ 7. British policy makes agriculture subsidiary to manufactures. Trade, therefore, replaces the former British commerce	81
§ 8. Rude character of British products, as compared with those of France...	84

§ 9. British system taxes the agricultural communities of the world, for its maintenance	86
§ 10 That of France looks to their emancipation from taxation. Solidarity of interests among the land-owners and laborers of the world at large	90
§ 11. Deterioration of the condition of the farm-laborers of England. Decline in the proportion borne, in the societary system, by the agricultural portion of the British people	92
§ 12. Growing dependence of Britain, consequent upon the pursuit of a mere trading policy	97
§ 13. Increasing independence of France, resulting from the pursuit of a policy tending to promote the growth of commerce	98
§ 14. Enormous waste of power in, and consequent poverty of, all the countries that follow in the lead of England	101
§ 15. French system tends towards enlargement of the agricultural base of society, and consequent enfranchisement of man. The British one, looking to its contraction, has given rise to the theory of over-population, which is that of slavery and death	102

CHAPTER XXIII.

THE SAME SUBJECT CONTINUED.

§ 1. Agricultural distress throughout the world, consequent upon the return of peace in 1815. Cause thereof, to be found in the decline of manufactures, and in the separation of the consumer from the producer, in all the countries of Europe and America, outside of Britain. General adoption of measures looking to counteraction of the British policy	107
§ 2. Few natural advantages of Denmark. Following in the lead of France, her policy looks, however, to the approximation of the consumer and the producer, and the relief of her farmers from the tax of transportation. Consequent prosperity of her people. Steady enlargement of the agricultural base of society. Constant increase in the power of association and combination—in the development of individuality—in the sense of responsibility—and in the power of further progress	111
§ 3. Decline of Spanish manufactures, diminution in the power of association, and decay of agriculture, consequent upon the expulsion of the Moors, and the acquisition of distant colonies. Loss of those colonies, followed by the adoption of a system tending to promote the growth of commerce, and diminish the traders' power. Great increase in the value of land, and in the freedom of man	117

CHAPTER XXIV.

THE SAME SUBJECT CONTINUED.

§ 1. The German manufacturing system due to the revocation of the Edict of Nantes. Its gradual development down to the close of the war, in 1815.

Its decline, under the free trade system, which followed the peace. First Prussian tariff, having for its object the diversification of the employments of the people	125
‡ 2. Gradual formation of the <i>Zoll-Verein</i> , or Customs' Union	129
‡ 3. Great increase of foreign and domestic commerce, consequent upon the adoption of measures tending to the emancipation of German land, from the oppressive tax of transportation	131
‡ 4. Rapid growth of wealth, manifested in the power to obtain better means of domestic and foreign intercourse	134
‡ 5. Protection having cheapened finished commodities, Germany now exports them. Having raised the prices of raw materials, they are now imported ...	136
‡ 6. Increasing steadiness of the societary movement, consequent upon the adoption of a system tending to facilitate the work of association and combination	137
‡ 7. Growing diversification in the demand upon the powers of the people, with corresponding diversification in the demands upon the land	138
‡ 8. Gradual development of a scientific agriculture	139
‡ 9. Growing division of the land, accompanied by an enlargement of the proportions borne by the agricultural class, to the mass of which society is composed	141
‡ 10. Increased respect for the rights of property, consequent upon its more general diffusion among the people	144
‡ 11. Steady increase in the freedom of man, and in the strength of the State,	145

CHAPTER XXV.

THE SAME SUBJECT CONTINUED.

‡ 1. Rude character of Russian agriculture, half a century since	147
‡ 2. Growth of manufactures, under the Continental System of Napoleon. Their disappearance under the free trade system. Re-adoption of the policy of Colbert, and its effects	148
‡ 3. Great increase in the quantity and value of agricultural products, since the re-adoption of protection	150
‡ 4. Growing independence of foreign markets, resulting from diversification in the employments of the people	152
‡ 5. Increasing tendency towards combination of action, and economy of force. Extraordinary waste of power in the purely agricultural districts	154
‡ 6. Increase in the competition for the purchase of the laborer's services, and growing freedom of man	157
‡ 7. How protection affects foreign commerce, and the public revenue	160
‡ 8. Gradual approach to the creation of a scientific agriculture	161
‡ 9. Obstacles standing in the way of its development	164

§ 10. Growing individuality among the people, with corresponding growth of strength in the State	166
§ 11. Sweden, like Russia, follows in the lead of France — maintaining the policy of Colbert, to the exclusion of that advocated by the economists of Britain. Its effects, as exhibited in bringing the consumer and producer into close proximity to each other	167
§ 12. Comparative movement of the population, and of the supply of food ...	168
§ 13. Rapid growth of foreign intercourse, consequent upon the development of domestic commerce	169
§ 14. Division of land, and increase of its value — resulting from its emancipation from the tax of transportation	170
§ 15. Intellectual development, consequent upon the creation of local centres of activity	171
§ 16. Social decentralization gradually correcting the errors of political centralization	172
§ 17. Differing in race, habits, manners, and religion, France and Germany, Spain and Denmark, Sweden and Russia, are agreed in nothing, except in the maintenance of a policy which looks to the promotion of association, the extension of commerce, and the emancipation of the land from the tax of transportation, in accordance with the ideas of Adam Smith. In all of them, agriculture steadily advances, the land becomes more divided, and men become more free. Agreeing in nothing else, Portugal and Turkey, Ireland and India, unite in the maintenance of the policy advocated by the Ricardo-Malthusian school. In all of them, agriculture declines, the land becomes consolidated, and the freedom of man has almost wholly passed away	174
* 18. Changes in the form of society observed in all those countries. Instability of American policy. Requires to be considered separately	175

CHAPTER XXVI.

THE SAME SUBJECT CONTINUED.

§ 1. The American Union, a country of contrasts — its social system tending towards centralization and slavery, while its political one is based upon the idea of decentralization and freedom. Natural tendency towards association and combination. Counteracted by a national policy tending towards dispersion	177
§ 2. Early tendencies towards the adoption of the protective policy of Colbert. Strengthened by the oppressive conduct of the parties to the great European war. Variable character of American policy, since its close	181
§ 3. Policy of Colbert and Cromwell adopted in regard to shipping. Freedom of trade obtained by means of protective measures	186
§ 4. American policy, generally, in full accordance with the doctrines of the British school. Consequent decline in the prices of the rude products of the farm	188

‡ 5. Facts here observed, correspond precisely with those observed in Britain, so long as the latter continued to export the rude products of the soil.....	191
‡ 6. The man who <i>must</i> go to any market, <i>must</i> pay the tax of transportation. Heavy taxation of American farmers	192
‡ 7. American policy tends to increase the difference between the prices of rude products and finished commodities. That policy barbaric in its tendencies, and hence the existing contrasts	195
‡ 8. The planter steadily giving more of his raw materials, and receiving less in exchange for them. Consequent exhaustion of the soil, and weakness of the State	196
‡ 9. Phenomena here presented for examination, directly the reverse of those observed in the advancing countries of Europe	200
‡ 10. Barbarism grows, every where, in the direct ratio of the export of the rude products of the soil, and consequent decline in the powers of the land, 204	

CHAPTER XXVII.

THE SAME SUBJECT CONTINUED.

‡ 1. Wealth consists in the power to command the services of nature. Great increase of British wealth, resulting from the command of steam	207
‡ 2. Extraordinary amount of undeveloped power in the United States. Combination of action required for its development. National policy adverse to association and combination.....	208
‡ 3. Waste of power resulting from the exhaustion of the soil, and consequent dispersion of men. America, Greece, and Rome, likely to stand together among the ruins of the past	210
‡ 4. Gradual consolidation of the land. Furnishes evidence of declining civilization	216
‡ 5. Limitation of the field of agricultural operation, resulting from distance of the market. Tax of transportation a constantly augmenting one	218
‡ 6. Traders' power steadily increases, while that of the farmer and planter as steadily declines. Consequent instability and irregularity of the societary movement.....	219
‡ 7. Trader profits by instability. Remarkable irregularity in the movement of free trade periods	221
‡ 8. Remarkable steadiness and regularity of the societary movement, in all those periods in which the protective policy has been maintained	226

CHAPTER XXVIII.

THE SAME SUBJECT CONTINUED.

‡ 1. American policy unstable, and, therefore, adverse to the real and permanent interests of the planter and the farmer	228
--	-----

‡ 2. Forbidding the creation of a domestic market, it thus maintains the tax of transportation. Adverse to commerce, it causes a constant increase of dependence upon the trader and transporter. Consequent decay of agriculture,	233
‡ 3. Growing commerce enables the farmer to pass from the cultivation of the poor to the richer soil. American policy restricts him to the poorer one.....	235
‡ 4. Growing commerce tends to increase the power of labor over capital. American policy gives to capital greater power over labor	235
‡ 5. Growing commerce tends towards peace, and an economical administration of the affairs of government. American policy looks to extension of the trader's power, at the expense of commerce. Increasing tendency towards war and waste	238
‡ 6. Growing commerce tends towards development of the latent powers of earth and man. American policy tends towards exhaustion of the one, and enslavement of the other	241
‡ 7. Instability in the value of land, and decline of power in both the people and the government	244
‡ 8. Growing discord, consequent upon instability in the demand for the laborer's services	245
‡ 9. Great waste of wealth and power, resulting from absence of the power of combination	247
‡ 10. Speculative and gambling spirit, engendered by a growing dependence upon the trader and transporter	249
‡ 11. Decline in the feeling of responsibility, resulting from irregularity in the societary movement	251
‡ 12. Thirst for territory, consequent upon the pursuit of a policy tending to exhaustion of the soil	253
‡ 13. Political and judicial corruption, resulting from the growth of centralization	253
‡ 14. The higher the societary organization, the more rapid is the movement, and the more instant the exhibition of the effects of a sound, or unsound, course of policy. Frequency and rapidity of changes in the United States,	256
‡ 15. Phenomena of declining civilization now exhibited throughout the Union,	257
‡ 16. Human progress manifests itself in decline in the trader's power, and the attendant creation of a scientific agriculture. Opposite tendency of the American policy, and consequent decline of civilization	263

CHAPTER XXIX.

THE SAME SUBJECT CONTINUED.

‡ 1. As agriculture becomes a science, the land becomes more productive, and its products tend to rise in price. Consequent double profit to the farmer ...	265
‡ 2. As it ceases to be a science, production diminishes, and prices fall, with double loss to the farmer	266

§ 3. As raw materials rise in price, finished products fall, with further profit to the farmer. As finished products rise, raw materials fall, with further loss to the farmer	267
§ 4. Men and land at one end of the scale of prices, and the most highly finished products at the other. The more rapid the societary circulation, the greater is their tendency towards approximation. Identity of physical and social laws	268
§ 5. As raw materials and finished products approximate in price, commerce grows, with constant increase in the steadiness of the societary movement. As they become more widely separated, trade acquires power, and the movement becomes, from year to year, more fitful and irregular. With the one, the real MAN becomes, daily, more developed. With the other, man becomes, from day to day, more thoroughly enslaved	269
§ 6. Tendency of the American policy in the last of these directions, with constant decline in the power of association and combination	270
§ 7. That man may become free, employments must be diversified. Measures by means of which, that end has been attained in France, and other advancing countries	272
§ 8. In all of these, finished commodities become cheaper	273
§ 9. In all, rude products rise in price—thus furnishing evidence of advancing civilization	275
§ 10. In all, the power of consumption grows, as a consequence of the approximation of prices there exhibited. Diminution of that power, throughout the American Union	276
§ 11. In all, labor is becoming more and more economized, with constant increase in the rapidity of the societary circulation. In the United States, the reverse of this is seen	278
§ 12. Power of accumulation grows with the growth of rapidity in the circulation. Decline in both, throughout the Union	279
§ 13. The more rapid the accumulation, the greater is the tendency towards further emancipation of the land from the tax of transportation, and towards the creation of a real agriculture.....	280
§ 14. The planter profits by all the countries that follow in the lead of Colbert and of France, while losing by those which follow in the lead of England ...	282
§ 15. The laborer profits by every measure tending to increase the diversity of demand for the exertion of his faculties. American policy—tending, as it does, to diminish that diversity—hostile to the laborer's interests	285
§ 16. Ultimate cause of political and moral deterioration throughout the Union, to be found in the pursuit of a policy that exhausts the soil, and destroys the value of land	286
§ 17. That policy in full accordance with the teachings of the British school, which has furnished to the world a great natural law, in virtue of which, the laborer must ultimately become the slave of the man who owns the land	290
§ 18. Agriculture, the great pursuit of man. Following manufactures, it is always late in its development. As it becomes a science, society tends, more	

and more, to take its natural form—the societary movement becomes more regular—and man becomes more happy and more free. Modern political economy, teaching the reverse of this, is opposed, in all its parts, to social science	291
--	-----

CHAPTER XXX.

OF THE INSTRUMENT OF ASSOCIATION.

§ 1. Difficulty of making exchanges of service, in the early periods of society. General adoption of some certain commodity, as a standard for the comparison of values. Recommendations, for this purpose, of the precious metals, 293	293
§ 2. Facility of association and combination, resulting from the use of money. Of all the machinery in use among men, it is the one which most economizes human effort. To the social body, it is what atmospheric air is to the physical one—both supplying the machinery of circulation	296
§ 3. Definition of price. Prices of raw materials rise, as we approach the centres of civilization, while those of finished commodities as regularly decline. Double loss to the farmer, who is distant from market, resulting from the low prices of the one, and the high prices of the other	301
§ 4. The more highly finished a commodity, the greater is its tendency to fall in price. The more rude, the greater is the tendency to rise of price	303
§ 5. Land and labor, the ultimate raw material of all commodities, rise in price, as men are more enabled to associate, and combine their efforts. Money, the great instrument furnished by Providence for facilitating association and combination. The more perfect the supply of money, the greater is the tendency towards the freedom of man	305

CHAPTER XXXI.

THE SAME SUBJECT CONTINUED.

§ 1. Commodities tend to leave those places at which they have the least utility and greatest value, and to seek those at which their value is least and their utility greatest. The raw material of money flows, therefore, from those places at which food and wool are cheap, and cloth and iron dear, towards those at which the former are dear, and the latter cheap	308
§ 2. Flowing always towards those countries in which raw materials and finished commodities approximate most in price, the power to command their services is proof conclusive of advancing civilization. Their long-continued tendency towards Great Britain. Present increase of the attractive power of France	310
§ 3. Central and Northern Europe now becoming the great reservoirs of those metals. The more the rude products of their soil rise in price, the greater must be the tendency of gold and silver in that direction	312
§ 4. Those metals flow from the countries which follow in the lead of England. Great export thereof, from France, under the Eden Treaty of 1786	313

§ 5. Raw materials tend to leave the countries in which employments are not diversified, and to go to those in which diversification most exists. The precious metals follow in their train	314
§ 6. Results of American experience. Excess export of those metals in all the free trade periods, and excess import of them in all the protected ones. Stoppage of the societary circulation in the former, and increased rapidity of movement in the latter. General tendency of American policy, that of reducing the prices of rude products, and increasing those of finished commodities	316
§ 7. Money, the indispensable instrument of society. Of all the instruments in use among men, the one that performs the largest amount of service in proportion to its cost	322
§ 8. Economists assert that the only effect of an influx of the precious metals, is that of rendering a country a good place to sell in, but a bad one in which to buy. That theory contradicted by all the facts of history—the direct tendency of such influx having, and that invariably, been that of reducing the prices of the finished commodities required by those who have gold and silver for sale. With every step in this direction, agriculture tends to become a science, and the supply of food becomes more abundant	326
§ 9. Consumption of the metals increases, as their value declines. That declines, as the power of association grows, and as the powers of the man are more and more developed. Perfect harmony of all the laws of nature	330
§ 10. The use of circulating notes tends to diminish the value of the precious metals, while increasing their utility. All commodities going to those places at which their utility is greatest, the use of such notes should promote the influx of those metals. Historical illustrations	331
§ 11. Error of Great Britain and the United States, in seeking to promote that influx, by means of a war against circulating notes.....	333

CHAPTER XXXII.

THE SAME SUBJECT CONTINUED.

§ 1. The charge for the use of land, houses, ships, and all other commodities and things, declines with every diminution of the cost of reproduction. So, too, with money—the rate of interest tending downwards, as man acquires greater power for the direction of the natural forces—that power constituting wealth	335
§ 2. Wealth grows with the growth of the power of association. That power grows as employments become more diversified, and the human faculties are more and more developed. Interest, therefore, tends to fall in all those countries which follow in the lead of Colbert and of France, while rising in all those that follow in the lead of England. Phenomena presented for consideration by the United States	336
§ 3. Money is capital, but capital is not necessarily money. Interest paid for the use of money alone. Various modes in which compensation is made for the use of capital in its various forms	337

‡ 4. Error of distinguished economists in supposing, that interest is paid for the use of capital in other forms than that of money	338
‡ 5. Tendency of interest to fall, as the societary motion becomes more rapid. That rapidity increases, as the supply of money becomes more abundant. Universal feeling that money is the cause of motion, whence results power. Consequent manifestation of desire, on the part of all the nations of the world, to increase their supplies of the precious metals	340
‡ 6. The utility of money increases, as its circulation becomes more rapid. Its value increases, as its movement becomes retarded. Hoarding diminishes its utility, and increases its value	344
‡ 7. Increase in the supply of money tends to promote equality among men. Phenomena observed in India, France, and Holland	345
‡ 8. Communities increase in strength as the rate of interest declines — raw products then rising, and finished commodities falling — and thus presenting evidence of advancing civilization. American policy, looking in a direction the opposite of this, tends to raise the rate of interest	349
‡ 9. Teachings of economists generally, in regard to money, directly opposed to the lessons taught by the common sense of mankind. Gold and silver properly denominated the precious metals — being, of all commodities, those which most contribute to the development of individuality, and to the promotion of the power of association	353

CHAPTER XXXIII.

THE SAME SUBJECT CONTINUED.

‡ 1. The precious metals the only commodities of universal acceptance, being the indispensable instruments of commerce	356
‡ 2. Proportion borne by money to the amount of commerce, increases in declining countries, and decreases in advancing ones	357
‡ 3. Centralization, retarding the societary motion, increases that proportion,	358
‡ 4. Decentralization produces diminution therein. Man then becomes more valuable, and more free	359
‡ 5. Money being the one indispensable instrument of society, governments have always assumed to control its management, as supplying the most productive of all the machinery of taxation. Phenomena presented by the histories of Greece and Rome	360
‡ 6. Falsification of money, by European sovereigns. Attended by diminution of its utility, and increase of its value. Consequent decline in the value of man	361
‡ 7. Banks established with a view to the emancipation of the currency from the control of governments. Deposit banks of Italy, Germany, and Holland,	363
‡ 8. Institution of banks of discount. Diminish the value of money, by increasing its utility	364
‡ 9. Enlargement of the operations of discount banks	365

§ 10. Banks of circulation commence with the Bank of England	366
§ 11. How the expansions and contractions of banks affect the societary movement	367
§ 12. Great power of banks for good or evil. Banking monopolies, like those of France and England, give to a few individuals a power over the societary movement, compared with which, that exercised by the sovereigns of old, sinks into insignificance	369

CHAPTER XXXIV.

THE SAME SUBJECT CONTINUED.

§ 1. Importance of a careful examination of the Bank of England—that being the institution which now exercises the largest amount of power	372
§ 2. No banking business in England, at the date of the Restoration. Under Charles II., jewellers become bankers. Consequent increase in the utility of money. Establishment of the Bank of England	373
§ 3. Movements of the bank, from 1797 to 1815	376
§ 4. Change therein, subsequent to the close of the war. Resumption of specie payments. Productive of wide-spread ruin. Producing classes impoverished, while the merely consuming ones are enriched	377
§ 5. Effect of those measures, that of giving to the moneyed capitalist, increased command over land and labor—always an evidence of declining civilization,	379
§ 6. Constant succession of expansions, contractions, and financial crises—each, in succession, tending to increase the power of money over land-owner and laborer	380
§ 7. Bank Act of Sir Robert Peel. Its object, that of producing steadiness in the monetary movement. Its effect, that of increasing the power of the Bank to control the societary movement. Its total failure	382
§ 8. Cause of its failure to be found in the fact, that it sought to regulate the currency in use—leaving wholly out of view the action of the bank, in affecting the currency seeking to be employed	384
§ 9. Currency in use, almost a constant quantity. Changes in its amount, from 1832 to 1847	387
§ 10. Currency seeking employment, a constantly-varying quantity. How the action of the bank tends to produce those variations	391
§ 11. Phenomena of the period from 1852 to 1856	391
§ 12. How the provisions of the present charter tend to cause the expulsion of the precious metals	392
§ 13. Remedy for existing evils, sought to be found in the grant of permission to raise the rate of interest. Tends, however, to offer new inducements to the bank, so to act, as to cause variations in the quantity and value of the currency	393
§ 14. Of the private banks of England. Their existence due to the bank monopoly. Their numerous failures	394

§ 15. Joint-stock banks. Unlimited liability of the partners, a relic of barbarism. Limitation of liability, an evidence of advancing civilization	395
§ 16. Difficulties attendant upon the working of the system of unlimited liability	398
§ 17. Its direct effect, that of increasing the risks of the public, while professing to reduce them	400
§ 18. Enormous over-trading of the London banks	402
§ 19. Recent Act of Parliament, limiting the liability of share-holders. Why it has failed to produce the effect desired	404
§ 20. Of the Scottish banking system. Its superiority over that of England,	405
§ 21. Tendency to steadiness in the societary action, always found existing in the direct ratio of the rapidity with which consumption and production follow each other. British system looks to separating the consumers and producers of the world, and thus arresting the societary movement. Instability and irregularity a necessary consequence of this	406
§ 22. Freedom of trade advocated by the most decided opponents of freedom of commerce	408
§ 23. Other communities of the world prosper in the direct ratio of their independence of the British system	409

CHAPTER XXXV.

THE SAME SUBJECT CONTINUED.

§ 1. Taxation of the French people, by means of regulation of the currency,	410
§ 2. Private banks established at the close of the Revolution. Consolidated in the Bank of France. Monopoly powers of that institution. Directly interested in producing changes in the currency	411
§ 3. Steadiness in the amount of currency in use. Financial crises have their origin in changes in the amount of currency unemployed	413
§ 4. Those changes due to irregularity in the movements of the one great bank. Their result seen in the augmentation of its dividends	415
§ 5. Small number of local banks, ten years since. Their disappearance, after the revolution of 1848. The centralization of power now complete	416
§ 6. Political and monetary centralization of France. Tends to enfeeble the societary action, and to diminish the amount of commerce. Counteracted, in some degree, by the maintaining of a policy, having for its object the emancipation of the land from the tax of transportation, and the promotion of the growth of commerce	417

CHAPTER XXXVI.

THE SAME SUBJECT CONTINUED.

§ 1. Gradual development of the American banking system. How it stood, at the close of the half century which followed the Revolution	419
---	-----

‡ 2. Its progress, since that time. Large proportion borne by capital, to the amount invested. Its superiority, in this respect, to the French and English systems	420
‡ 3. Steadiness in the action of banks, is in the direct ratio of their dependence upon the power of affording means of circulation, and in the inverse ratio of their dependence upon deposits. American banks possess more of the elements of stability than those of France and England	421
‡ 4. Small proportion borne by the currency to production, when compared with either of the above-named countries	423
‡ 5. Superior economy of the American system	425
‡ 6. Steadiness in its own value, the great desideratum in a currency. Tendencies of the American system in that direction	426
‡ 7. Trivial amount of losses by American banks, under the system of local action, prior to 1837. Heavy losses of the people of England, from the failures of private banks	429
‡ 8. New England banks little more than great savings institutions. Large proportion borne by their capital to the amount of loans. Steadiness of their action. Steadiness declines, as we pass towards the more thinly-peopled States of the West and South	431
‡ 9. Growth of centralization, in the last twenty years, and consequent diminution in the steadiness of the currency. Cause of this, to be found in the pursuit of a policy which looks to building up a foreign trade, at the cost of domestic commerce. Maintenance of a sound and stable currency, incompatible with the existence of an unfavorable balance of trade. That balance unfavorable in relation to all purely agricultural countries	434
‡ 10. Instability of American policy. Periods of protection and free trade alternating with each other. Prosperity the invariable attendant of the former, and bankruptcy of the people and the State, that of the latter	436
‡ 11. Abstinence of the early Federal Administrations from interference with the local institutions. Growth of centralization, since the adoption of the policy which gives to trade the mastery over commerce	439
‡ 12. Stability of the currency, throughout the Union, found existing in the direct ratio of the freedom of association for the creation of local banks. The American system, one of contrasts — the local action tending towards peace, commerce, and freedom, while the central one tends towards war, trade, and slavery.....	440

CHAPTER XXXVII.

THE SAME SUBJECT CONTINUED.

‡ 1. Theories of Mr. Hume in regard to money. Directly opposed to all the facts of history	446
‡ 2. His failure to observe, that while increase in the supply of money raises the prices of raw materials, it reduces those of finished products	448

‡ 3. Throughout inconsistent with himself. His mode of studying the action of society, that denominated by M. Comte, the metaphysical one	449
‡ 4. His error in supposing, that when the supply of money is diminished, the circulation of the remainder is quickened. Real facts directly the reverse of this—the circulation then diminishing more rapidly than the supply.....	450
‡ 5. Accuracy of his views when asserting, that no country need fear an unfavorable balance of trade, that “preserved with care its people and its manufactures”	452
‡ 6. General accordance of the views of Hume and Adam Smith	453
‡ 7. Inconsistencies of the latter. His theories in regard to money, directly opposed to the facts	454
‡ 8. A medium of circulation, the one great need of society. Hence the desire of all communities to establish in their favor a balance of trade. Inconsistencies of the opponents of this idea	456
‡ 9. No commodity, according to Dr. Smith, more easily dispensed with, than that which, according to other economists, is the one indispensable instrument of society	459
‡ 10. Poverty of the countries that follow in the train of Hume and Smith ..	463
‡ 11. Doctrines of the Ricardo-Malthusian school, in regard to money	466
‡ 12. Mr. J. S. Mill. His views in regard to the inefficiency of money	467
‡ 13. Failure of the British economists to appreciate the services of the precious metals.....	470
‡ 14. M. Bastiat. Correspondence of his views with those of Hume and Smith,	471
‡ 15. His inconsistencies with himself	472
‡ 16. His doctrines being received as true, there can be no harmony of international interests	474
‡ 17. The more perfect the diversity of employments in each and every country, the more complete the harmony of all interests, at home and abroad	476
‡ 18. M. Chevalier. Holds that money is indispensable to man, and yet, that disadvantage may result from increase in its supply.....	478
‡ 19. The precious metals, the great instruments furnished by the Creator for the production of societary motion. The more rapid that motion, the greater must be, everywhere, the power of the individual to obtain supplies of food, and of the community to command the services of those metals	479

PRINCIPLES OF SOCIAL SCIENCE.

CHAPTER XX.

OF VITAL CHANGES IN THE FORM OF MATTER.

§ 1. THE early settler — the Crusoe of our island — dependent on his hands alone, is forced to exhaust his powers in travelling over extensive surfaces in quest of game ; and it is only occasionally that he has the opportunity of applying his labors even to the simple work of appropriation. In time, however — having made a bow and arrows, and thus secured the aid of certain of the natural forces — he obtains larger and more regular supplies of food ; and in return to a diminished *proportion* of his time and labor. His powers being thus economized, he is enabled to apply a larger proportion of his time to the augmentation of his capital — to increasing his supplies of arrows — to the making of a boat — or to the construction of a hut. Each and every of these changes being attended by further diminution in the effort required for effecting changes of place, and by increase in that which may be given to other employments, there is thus produced a continuity in the demand for the force resulting from the consumption of food ; with consequent economy of power—greatly facilitating the further accumulation of capital.

The cost to a community of maintaining a man in a state of perfect efficiency for mental and physical effort is the same, precisely, whether his powers be applied or wasted. He must eat — must be clothed — and must be protected from the weather ; and must therefore consume a quantity of capital, which is thus withdrawn from the common stock. Although withdrawn, and although consumed, it is not, however, destroyed, for it reappears on the

next instant, having taken upon itself a higher form — the wheat, the cabbage, and the pork having become MAN, the being made in the likeness of his Creator, and capable of directing the forces of nature for the accomplishment of his purposes. The community thus becomes from hour to hour more wealthy than before : provided, always, that the capital, thus reproduced, be so directed that its consumption shall be in itself an act of reproduction. The power of man to change the forms of matter, so as to fit it to serve his purposes, greatly exceeds the demands of the animal man for food and clothing ; and all the difference between the quantity of things consumed and the quantity produced, is so much added to the wealth of the community itself. Each of its individuals is, therefore, capable of adding largely to the general stock—replacing the quantity of food and clothing withdrawn by a larger quantity reproduced ; and whether he shall do so, or not, is dependent altogether upon the existence of a demand for the services he is prepared to render. Where such demand exists, communities increase rapidly in wealth and power ; but, where it does not, they decline as rapidly in both.

Among savages—the steady and regular demand for human effort being a thing unknown—the reproduction is small ; and hence it is, that in that stage of society the disease of over-population so much exists. As numbers increase—as wealth is accumulated—as men are more and more enabled to combine their efforts—as commerce grows—each and every man is more and more enabled to produce something to be given to other men, in exchange for the efforts he desires that they should make ; and thus from day to day the demand for mental and physical effort becomes more continuous—with constantly augmenting power to furnish to the common stock a return exceeding in amount the capital that had been consumed.

Commerce, association, and society, being, as the reader has already seen, but different modes of expressing the same idea—and all the power of man to control the forces of nature being consequent on the existence of the power of association and combination—it follows, necessarily, that the more perfect the commerce, the more rapid will be the circulation ; the more *instant* will be the demand for human force ; the greater will be the returns to labor ; and the larger will be the *proportion* borne by

the things produced to the things consumed. To the economy of power it is due that associated men so rapidly accumulate capital, by means of which they obtain increased command over the great natural forces, and are enabled to march steadily onward from triumph to triumph—each successive one being greater than that which had preceded it. Their pace is a constantly accelerated one; whereas, that of the savage, daily more and more obliged to waste his capital, is a constantly retarded one; and therefore it is, that while the former become from day to day more and more masters over nature and over themselves, the latter finds himself becoming constantly, more and more the slave of nature and of his fellow-men.

§ 2. As the bow, the knife, and the canoe have been called to the settler's aid, he has found, with each in succession, a diminution in the *proportion* of his labor required to be given to the search for the food voluntarily yielded by nature, and an increase in that which may be given to preparing the land around his house, with a view to compelling it to yield the supplies required for his support. Scratching the earth with his indifferent machinery, he obtains small supplies of grain; but, small as they as yet are, their effect is that of greatly diminishing the necessity for effecting changes in the place of matter, and greatly increasing the time which may be given to production. In time, the force of running water, and that of the wind, are subdued to his service—enabling him to give a constantly increased proportion of his own time and mind to the development of the various treasures of the earth—bringing to light the materials for the machinery that he needs, or preparing the soil for the effectuation of those vital changes in the form of matter required for increasing the quantity of food, and of the raw material of clothing. The greater the quantity that can be obtained from any given surface, the greater will be the number of persons that can live together—the greater must be the power of association and combination—the more rapid must be the circulation—the greater must be the development of individuality—the more instantly must the demand for physical and mental effort follow the consumption of the capital it represents—the greater must be the proportion of that effort that can be given to developing the latent utilities of matter—and

the greater must be the tendency to the creation of local centres of activity, neutralizing the attractions of the political or trading capital. The earth being the great reservoir of power, the progress of man towards wealth and freedom, or poverty and slavery, is in the direct ratio of the increase or decrease of the *proportion* of his time and mind that can be given towards utilizing the forces that there exist—latent, and waiting only his call to employ themselves in his service.

The motion of the isolated man is, as has been shown, the backward and forward one of the knife, or of the axe, employed in cutting and splitting wood. That of the man in a perfect state of society—where each and every individual finds some one willing and able to compensate him for the exertion of his physical and mental faculties—is similar to the continuous motion of the circular saw, by help of which as much work is done by a basketful of coal, yielded to half an hour's labor, as could, with the first rude knife, have been done by thousands of men. The quantity of power at the command of man, increases with every step in the direction of this latter point; and as with each there is a diminution in the quantity required for changing wool into cloth, or corn into bread, it follows, necessarily, that *a larger proportion of the increased quantity* is set free, to be applied to making additions to the supply of corn and wool. Hence it is that the supply of food and clothing at his command becomes, as employments are more diversified, far greater and more regular than it had been, when all were engaged in the effort to obtain food by following the chase, or by scratching the surface of the earth.

Admitting, however, that the powers of each individual remained entirely unchanged, and that the effect of increased facility of combination was to be found only in the economy resulting from increase of commerce, the following table would exhibit the changes thus effected :—

Total power.	Waste.	Employed.	Total power.	Waste.	Employed.
I. 100	80	20	V. 100	40	60
II. 100	70	30	VI. 100	30	70
III. 100	60	40	VII. 100	20	80
IV. 100	50	50	VIII. 100	10	90

§ 3. "Where food is regularly supplied," says Jefferson, in his *Notes on Virginia*, "a single farm will show more of cattle than a whole country of forests can show of buffaloes." So is it with man. Where food is regularly supplied, a single county will support a larger population than could have been supported by a whole kingdom, when its occupants were dependent upon the simple act of appropriation for their supplies; and the greater the numbers, the more perfect becomes the economy of labor, and the more rapid the increase of capital. The greater is then the tendency towards subjecting to cultivation the richer soils, with further increase in the supplies of food; and towards developing the mineral treasures of the earth, by help of which further to increase the power of man over the numerous and powerful forces of nature.

The savage, as we see, wastes nearly all his powers. The isolated settler wastes a large portion, as is seen in every slightly-peopled country. In the mountains of Thibet—there being no demand for labor — lamaseries, or monasteries, abound, filled with idle men, who live at the cost of others. So was it throughout Europe in the Middle Ages; and so is it now in Ireland, Italy, Turkey, Africa, and India, where almost all are engaged in the same pursuit; where there is no development of the individual faculties; and where, consequently, there is little commerce. Labor-power is, of all commodities, the most difficult to be transferred, and the most perishable; for, if not put at once to use, it is lost for ever.*

§ 4. The *proportions* of waste and employed labor, as has above been shown, change with the growth of numbers, and the

* "With respect to the transfer of labor, the assumption that labor flows easily from the less profitable to the more profitable employments, so as to produce something like an equilibrium of wages for equal kinds of effort and sacrifice, must evidently be taken with a large allowance for such differences, even in agricultural wages." * * *

"The wide divergence between the scientific postulate and the stubborn fact is still more fully brought home to us by a map in Mr. Caird's new book on Agriculture, in which England appears actually separated by a line into the regions of high and low wages, with an average difference between them of 37 per cent. In other words, masses of the population have been long festering in misery in the south, at some six or seven shillings of weekly earnings, while others have been at the same time obtaining nearly half as much again at the north, at the same kinds of employments."—LALOR: *Money and Morals*, p. 117.

society itself tends gradually to assume a form corresponding with that described in the last chapter; as is shown in the following table, representing its division at several successive periods :—

I. Waste; or applied to effecting changes of place.....	90	80	70	60	50	40	30	20	10
II. Labor of appropriation	10	10	10	11	11	11	12	12	12
III. Labor of effecting mechanical or chemical changes of form..	—	10	12	13	15	17	18	20	22
IV. Labor of developing the powers of the earth.....	—	—	8	16	24	32	40	48	56
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The proportion and quantity of the first steadily diminish. That this must be so, will be obvious to all who study the passage of man from the pursuits of the chase to the employments of civilized life—and from the carriage of loads on the backs of men, to their transportation by help of the railroad car and its locomotive.

The *proportion* borne by the second to the total quantity of applied labor, is a diminishing one; and that this must necessarily be the case, will be obvious to those who remark how small is, in civilized society, the proportion borne by soldiers, fishermen, hunters, and others engaged in similar pursuits; and how large is the amount of business transacted by a single trader in a thickly-settled community, compared with that performed by half a dozen shopkeepers in small and scattered settlements. That the *quantity* increases as the proportion diminishes, will be clear to all who mark how numerous and distinct become the divisions into which, with the growth of society, trade resolves itself, with a view more perfectly to satisfy the wants of man—always increasing in number, and in intensity, with the increase of power for their gratification.

So, too, with the third. The single steam-mill grinds as much grain as could be pounded into flour by thousands of hands armed with stones alone; and the cotton-mill does the work of thousands of spindles and hand-loom; but the quantity of muscular and intellectual effort given to the conversion of grain into flour, and cotton into cloth, increases as, with increase in the quantity of

labor given to agriculture, there is a rapid augmentation in the corn and cotton yielded by the earth, accompanied by as rapid an improvement in the tastes of the consumers, and in their power to gratify them.

With the fourth it is otherwise, and necessarily so. Without large increase in the quantity of corn and wool, there could be no employment for the improved machinery used in the work of transportation and conversion, and but little for the trader. Of what advantage would be increase in the number or power of ships, mills, railroads, or locomotives, did not the quantity of raw material extracted from the earth as rapidly augment? All are dependent on the men whose labors are given to developing the powers of the land—thereby increasing the quantity of things to be transported, converted, and exchanged.

Chemistry, as we know, treats of matter that is incapable of progress, and the particles of which it treats, combine in definite and unchanging proportions—the atmospheric air of the days of the Pharaohs having been, and that of the Alps or of the Himalaya now being, composed of the same elements as that by which the reader finds himself surrounded. Social science, on the contrary, treats of man in a state of progress from the condition of slave to nature, to that of becoming her master; and therefore is it, that there is a change of proportions accompanying the growth of population and wealth, and the increase of power to maintain commerce. With every step in the progress of change, society tends more and more to assume a form that is at once stable and beautiful—acquiring a broader base, with correspondent power of elevation, as here is shown.

§ 5. The view above presented of the proportions into which society tends naturally to divide itself, is either true or false. If the former, then must it be in accordance with what we see around us in respect to all the pursuits in which man is accustomed to be engaged, as there can be but a single law. Being untrue in regard to any one, so must it be in regard to all. That it is true everywhere, the reader may readily satisfy himself by looking at the movement in our Western settlements. Timber is there, generally, of little worth, because of its abundance; but lumber is very dear, because of the distance of the saw-mill.

The consumption is, therefore, small, and the *proportion* borne by the persons engaged in felling trees is trivial, when compared with the number engaged in hauling them to the mill and converting them into lumber. In time, however, other and nearer mills are built, and the value of lumber declines, while that of man rises—with corresponding increase in his power to obtain houses, and furniture with which to stock them. The demand for lumber increases, and more people now employ themselves in adding to the quantity of trees in market, while fewer are engaged in the works of transportation and conversion. Next, the planing machine comes—causing a further diminution in the difference between the raw material and the manufactured article—a further decrease in the quantity of labor required to intervene between the two—and a further addition to the value of trees, and to the number of persons employed in felling them.

Coal and iron ore perhaps abound, but they are valueless, because of the distance of the furnace; while, for the same reason, iron is dear. The proportion of labor given to the transportation of iron is large; whereas, that given to the development of the powers of the earth is small; and, as a consequence, but little iron is used. In time, however, furnaces are erected in the neighborhood; and now much of both time and mind is applied to the augmentation of the quantity of raw material produced, with no increase, perhaps, in the quantity given to the works of transportation and conversion. Mineral lands then acquire value, but iron loses it—the raw material and the manufactured article steadily approximating each other, with corresponding increase in the *proportion* of the labor given to the augmentation of quantity, and diminution in that applied to effecting changes of form and place. Utilities increase as values decline; and with every stage of that decline there is an increase in the value of man, and in his power of accumulation.

What is true with regard to trees and lumber, coal, ore, and iron, must be equally so in reference to wool and cloth. Every improvement in the manufacture of cloth tends to augment the demand for wool—causing an *increase* in the quantity of human effort given to the work of cultivation, while *diminishing* the quantity given to conversion, and thus producing that change in the proportions of society to which attention has above been called.

§ 6. The changes above described are all of them but steps towards the great and ultimate object of obtaining larger supplies of food, clothing, and the thousand other commodities required for the maintenance and improvement of the condition of man, and for the development of his various faculties. To attain that end, he needs to make the earth labor for him—a process requiring a high degree of knowledge. Physics, geology, chemistry, meteorology, electricity, entomology, vegetable and animal physiology, and an intimate acquaintance with the habits of plants and animals, are all required for the composition of the skilful agriculturist — of the man whose business it is, so to guide and direct the various forces of nature as to produce those vital changes to which we are indebted for an increase in the quantity of corn, wool, sugar, rice, cotton, and silk, susceptible of being transported or converted. Without such increase, population cannot grow, society cannot be formed, nor can commerce be maintained. Each helps, and is helped by, the other. As commerce grows, labor is economized, the intellectual faculties are stimulated, and mind is seen gradually taking the place of physical force. As mind is developed, man obtains a knowledge of natural laws — passing onward, through the more abstract physics, and through chemistry and physiology, to the highly concrete and special agriculture, last of all in its development, because requiring a previous acquaintance with so many of the earlier branches of science.

That agriculture may become a science, it is indispensable that man always repay to the great bank from which he has drawn his food, the debt he thereby has contracted. The earth, as has been already said, gives nothing, but is ready to lend every thing—and when the debts are punctually repaid, each successive loan is made on a larger scale; but when the debtor fails in punctuality, his credit declines, and the loans are gradually diminished, until at length he is turned out from house and home. No truth in the whole range of science is more readily susceptible of proof, than that the community which limits itself to the exportation of raw produce must end by the exportation of men—and those men the slaves of nature, even when not actually bought and sold by their fellow-men. Jethro Tull introduced the drill, and recommended deep ploughing and thorough pulverization of the soil — doing

this, under the impression that the space which would be gained, combined with the more thorough tillage, would be found equivalent to manure ; but experience soon taught him that the more he took from his land the poorer it became, and the less was the return to all his labor. Persistence in such a course would necessarily have produced dispersion of the people, with decline in the power of association — in the development of individuality — and in the ability to maintain commerce ; with constant deterioration of agriculture, and as constant decline in the local attraction required for resisting the gravitating tendencies of centralization. That such are its results, may now be seen in all the countries that export the products of the soil in their rudest state — Portugal, Turkey, Ireland, India, the Carolinas, and even Ohio, and others of the Western States. Hence it is that men are now seen flying by thousands and tens of thousands from the lands of Georgia and Alabama — states that have so recently been settled. Dispersion brings with it, necessarily, an increase in the labor required for effecting the works of exchange and transportation, and a decrease in the quantity that can be given to production — thus changing the proportions of society in a direction opposed to the advance of civilization. It brings, too, with it, a decline in the power of association, with corresponding increase in the quantity of physical and mental power that is wholly unemployed ; and it is because of this unceasing waste that American agriculture continues in a state so rude.

§ 7. Of all the pursuits of man, agriculture is the one requiring the highest degree of knowledge ; and yet is it the one that is most exposed to interference from men who live by virtue of the exercise of their powers of appropriation. Compelled to labor in the field, the farmer is liable, on occasion of every war, to see his crops destroyed—his cattle carried off—his house and his barn reduced to ashes — and his family and himself obliged to seek for refuge within the city walls. The warrior-chief demands his services for the carrying on of wars against distant people, whom it is desired to reduce to the same condition with himself. The trader foment disturbances among the nations of the earth, and taxes him for the support of fleets and armies, required for the maintenance of the system of “ships, colonies, and commerce.”

All these men collect together in cities, and all can unite for the accomplishment of their purposes; whereas, the people of the country — being poor and widely scattered — are unable to combine for self-defence. Therefore it is that the man who tills the earth is to so great an extent enslaved; and, that his pursuit — the one of all others most fitted to expand the heart and to develop the intellect — has been, and even to this hour is, in so many lands, considered worthy of the slave alone.

That man may cease to be enslaved, and that agriculture may become a science, it is indispensable that there be division of employments — that his faculties be stimulated to activity — that the power of association arise — that the market for its products be brought to the neighborhood of the land — that the utility of all the things yielded by it, whether in the form of food or vegetable fibre, of coal, ore, lime, or marl, be thus increased — that its owner be thereby freed from the enormous taxation to which he is subjected, because of the existing necessity for effecting changes of place — that he be freed, too, from the extraordinary waste of human power, physical and mental, that always attends the absence of diversity in the modes of employment — and, that the powers of the land be increased by means of the constant repayment to it, of the manure yielded by the consumption of its products. To the existence of a state of things like that which is here described, it was due, that Belgium so early distinguished herself in agriculture, and was thus enabled to teach her comparatively barbarous British neighbors; and to similar causes it has been due that, notwithstanding almost ceaseless foreign wars, the agriculture of France has recently made such rapid progress.

§ 8. With every increase in the motion of society, there is an augmentation of the force at its command, enabling it to devote a *larger proportion of a constantly increasing quantity* to the development of the resources of the earth. The more rapid the motion, the less is the amount of those disturbing forces which heretofore have tended to lessen the powers of the land, and of the man who has tilled it; and therefore it is, that agriculture becomes a science, and that the cultivator of the soil — the man to whose labors we are indebted for all we eat and wear — becomes

more free, as employments become more and more diversified. Whenever, on the contrary, manufactures decline — whenever the artisan and the miner become more and more separated from the farmer and the planter — the separation is followed by a rapid diminution of the quantity of physical and mental effort that can be given to the development of the powers of the earth, with corresponding increase in the disturbing forces above referred to. Then it is that agriculture — ceasing to be a science — passes into the hands of slaves, as is shown in the history of Greece and Italy in ancient times, and Portugal, Turkey, the Carolinas, and India, in modern ones. Without difference there can be no association, no commerce; and without diversity of employments there can be no other differences than those we see to have existed in the early and barbarous ages of society. Let there be differences, and let commerce grow, and the value of commodities will be found steadily to decline, with correspondent growth in the utility of the materials of which they are composed, and in the value and freedom of man.

The mechanic — having skilled labor to sell — obtains high wages; whereas, the man who cultivates the earth has unskilled labor to dispose of, and is everywhere almost, even when not quite, a slave; and yet, the pursuit requiring the highest degree of knowledge, and paying best for it, is that of agriculture. Why such is, and has been, the case, is, that, in almost all countries, the policy pursued has favored the establishment of centralization, and the consolidation of power in great trading cities; while it has been adverse to the creation of those local centres required for the maintenance of commerce.

§ 9. The skilled agriculturalist is perpetually making a machine — utilizing material that has heretofore been unavailable for the purposes of man; and the sum of the utilities thus developed is found in the increased return to his labor, and in the augmented value of the land. Ploughing deeply, he enables the superficial and lower soils to combine themselves together; and the more perfect the combination, the larger is his reward. Draining his land, he enables the water to pass rapidly through it; and the result is found in large additions to his crops. At one time he raises the marl with which he covers the surface; and, at another, quarries the

limestone by help of which he is enabled to lighten up his heavy soils and diminish his risk, from excessive rain at one moment, or from drought at another ; and in every case, the more he takes from his land, the larger is the quantity of manure he can return to it, *provided the market is near at hand.*

With every stage of progress in this direction, the various utilities of the raw materials of the neighborhood become more and more developed ; and with each he finds an increase of wealth. The new mill requires granite, and the houses for the workmen require bricks and lumber ; and now the rock of the mountain side, the clay of the river bottom, and the timber with which they have so long been covered, acquire value in the eyes of all around him. The granite dust of the quarry is found useful in his garden — enabling him to furnish the cabbages, the beans, the peas, and the smaller fruits for the supply of the neighboring workmen. The glass-works need sand, and the glass-makers require peaches and apples ; and the more numerous the men who make the glass, the greater is the facility for returning the manure to the land, and increasing the crops of corn. On one hand he has a demand for potash, and on another for madder. The woollen manufacturer asks for teazles, and the maker of brooms urges him to extend the cultivation of the corn of which the brooms are made. The basket-makers, and the gunpowder manufacturers, are claimants for the produce of his willows ; and thus does he find, that diversity of employment among those around him produces diversity in the demands for his physical and intellectual powers, and for the use of the soil at the various seasons of the year — with constant increase in the present reward of labor, and constant augmentation in the powers, and in the value, of his land.*

* The following scraps are given as specimens of increase in the productiveness of agriculture resulting from diversity in the demands for the products of the land :—

“A friend of mine, a native of New Hampshire, now residing in Boone county, Kentucky, has several acres devoted to the cultivation of osiers, the land being of little value for any other purpose. The business is carried on by a few families of Germans, ‘on shares,’ and the proprietor told me, last summer, that his share of the annual profit was over two hundred dollars per acre.”—*Correspondence of the New York Tribune.*

“Mr. Sidney H. Owens, who purchased Winchester’s Island, containing 80 acres, for \$6000, a few months ago, has realized half that sum from his crop of broom corn this season. Mr. H. had 60 acres under cultivation, from which he realized 40,000 pounds of broom straw, and sold it at prices varying from \$7.50 to \$10 per hundred — averaging full \$8, which makes

Nothing, we may be well assured, grows in vain; but in order that the utility of the various products of the earth may be developed there must be association; and that there cannot be when employments are not diversified.* When they are, every thing is from day to day more and more utilized.† The straw that would otherwise be wasted becomes paper, and the shavings of the tree counteract the deficiency in the supply of rags — with constant increase in the value of land, and in the rewards of those employed in the development of its powers.

Directly the reverse of all this becomes obvious as the consumer is more and more removed from the producer, and as the power of association declines. The madder, the teasle, the broom corn, and the osier cease to be required; and the granite, the clay, and

the gross sum of \$3200. In addition to this, he has gathered about 3000 bushels of seed, worth 25 cents per bushel, or \$750 for the lot; which makes almost \$4000 for the produce of only sixty acres!" — *Fredericksburg Herald*.

"Mr. Thomas Harris, who resides on Magazine Street, has a spot of ground, containing four square rods, which he has devoted to the culture of the rhubarb or pie-plant. From this little bed he has already realized \$40 the present season, and will sell at least \$10 worth more — thus realizing at the rate of \$2000 per acre from his land." — *Cambridge (Mass.) Chronicle*.

"A farmer in Beverly, last year, raised, on 2½ acres of land, 18,000 cabbages per acre, the net receipts of which averaged him \$450. Another farmer, in Danvers, cultivated an acre of land with sage, and realized the handsome profit of \$400. The cultivation of onions in this latter town gives employment to many hands, and is the source of large profits." — *The Plough, the Loom, and the Anvil*.

* "We understand that an enterprising German is about to secure a patent for his discovery of flax, or its equivalent, in fifteen different kinds of common weeds. The discovery is to be turned to account in the manufacture of numerous articles of which flax is the principal, but especially in the manufacture of paper, which is a matter of deep interest just now to the publishing world, the scarcity of rags being a great embarrassment to business." — *National Intelligencer*.

† "Messrs. Ingham & Beesley have established a manufactory at Goshen, New Jersey, comprising a steam-mill, and complete apparatus for crushing, drying, &c., the 'king crabs' that abound upon our sea-coast, and have heretofore been considered as nearly worthless. These crabs are pulverized, and absorbents and deodorizers added to preserve the substance from decomposition. Crabs, in a crude state, have long been used by Cape May farmers with great success. This preparation, however, being finer, will act with greater facility and require much smaller quantities, as it contains some of the most valuable constituents of guano; and will bear transportation, as it can be kept any length of time." — *New York Tribune*.

"Dr. Elwyn laid before the Society samples of dust from the flues at the foundry of Mr. Charles S. Smith. This dust collected in large quantities, both from the anthracite and bituminous coal fires. It had been spread on land, and was believed to possess about one-half the fertilizing powers of guano." — *Transactions Ag. Soc. Penna.*

the sand, continue to remain where nature had placed them. The motion of society — commerce — declines, and with that decline we witness a stoppage in the motion of matter, with constantly increasing waste of the powers of man and of the great machine given by the Creator for his use. His time is wasted, because he has no choice in the employment of his land. He *must* raise wheat, or cotton, or sugar, or some other commodity of which the yield is small, and which will, therefore, bear carriage to the distant market. He neglects his fruit-trees, and his potatoes are given to the hogs. He wastes his rags and his straw, because there is no paper-mill at hand. His forest-trees he destroys, that he may obtain a trifle in exchange for the ashes they thus are made to yield. His cotton-seed wastes upon the ground; or he destroys the fibre of the flax that he may sell the seed.* Not only does he sell his wheat in a distant market, and thus impoverish his land, but so does he also, with the very bones of the animals that have been fattened with his corn.† The yield, therefore, regularly decreases in quantity, with constant increase in the risk of danger from changes of the weather, because of the necessity for dependence on a single crop; and with equally constant diminution in the powers of the man who cultivates it—until at length he finds himself a slave not only to nature, but to those of his fellow-men whose physical powers are greater than his own. That it is population which makes the food come from the rich soils, and enables men to obtain wealth—or power to command the various forces of nature—is a truth the evidence of which may be found in every page of history; and equally true is it, that in order to the cultivation of those soils, there must be that development of the latent powers of man which can be found in those communities only, in which employments are diversified.

* It is certainly a curious contrast, that, on one side, British India is exporting £300,000 worth of flaxseed, and throwing away £500,000 of fibre; on the other, Ireland is raising to the value of £2,000,000 of flax-fibre, and rotting in the steep-pools £500,000 worth of seed! It is Russia alone that has been benefiting by the ignorance of the Hindoo ryot, and the prejudices and carelessness of the Irish farmer. Not a particle of the valuable plant is allowed by her nobles to go to waste. She sells us to the value of £3,000,000 of fibre and £900,000 of seed each year, and does not even take our manufactures in return."—*Belfast Mercury*.

† "Not a month passes that there is not in the harbor of New York or Boston a ship loading with bones for England; the result is seen in the decrease of American wheat from 30 to 12 bushels per acre, and the increase of English from 11 to 48."—*Agriculturist*.

§ 10. The power to maintain commerce, both abroad and at home, increases with every increase in the value of man, and every decline in the value of the commodities required for his use. The wool and the corn become cloth; but that they may do so, it is required that the manufacturer should have coloring matters and bleaching powders, acids and alkalies; and that he may have these he must seek abroad the logwood of Honduras, the indigo of India, and the sulphur of Sicily or Naples. The farmer of the North requires the sugar of the South, and the planter of the tropical regions requires the wheat of the temperate ones; and the more the bulk of these commodities can be reduced, the greater must be commerce. That it may be so, there must be diversity of employments — the refiner of sugar and the grinder of wheat taking their places by the side of the men who cultivate the sugar-cane and raise the corn.

With the growth of wealth and power, there is, therefore, increased ability to maintain commerce with distant men; but, the more the wealth, the greater is the effort for extending commerce at home. As the powers of the earth are more developed, new commodities are everywhere being naturalized — wheat taking the place of rye, and rye that of oats; while the mulberry replaces the oak, and the silkworm the hog which had fed upon its fruits. The potato passes from west to east, and the peach from east to west; the Cashmere goat is naturalized in Carolina, and the Alpaca is transferred to the hills of France; and every change thus effected tends towards annihilation of the time and space intervening between the producer and the consumer — attended with diminution in the *proportion* of the labor of man required to be given to the work of effecting changes of place, and increase in that which may be given to increasing the quantity, and improving the quality, of the products of the earth.*

* “Civilization procures us the sight of an incredible number of plants which we should never otherwise see in our houses. Without civilization, we might certainly see beeches or oaks, perhaps finer than at present, but we should not see the fir, the pine, the larch, the acacia, and the plane; we should indeed have the hawthorn and hazel-bushes, but not the flowering shrubs and bushes which now adorn our pleasure-gardens. We should not see the blossoming peach or apricot trees, nor their fruit; we should be destitute of the whole of the large foreign flora, which enlivens us and produces so many enjoyments, so much variety, in our gardens and rooms, not to

§ 11. Steadiness and regularity grow with increase in the variety of commodities to the production of which the land may be devoted, and agriculture gradually loses its gambling character, while the faculties of those who cultivate the land become more and more stimulated into action. The man near to market not only has growing on his farm, at one and the same time, a great variety of commodities, in different stages and liable to be differently affected by the chances and changes of the weather, but he raises from the same land successive crops,* and thus greatly increases the return to labor. With every such increase, he learns to attach a higher value to the powers of nature at his command, and from year to year he economizes them more and more — and thus does economy of human effort lead to the careful husbandry of the forces of nature.†

mention our conservatories, which give at least an imperfect idea of tropical vegetation.

"Again, the infinite variety which arises in races and varieties would not exist without cultivation. We could not feast our eyes on the endless series of roses; we should have to be content with the simple wild rose: the stock, the dahlia, the aster, and the auricula, with their countless varieties, would be unknown to us. And no one will deny the beauty of these objects, or assert that they are not beauties of nature. Here I shall, at all events, have the flower-painter and the ladies on my side. Without cultivation, we should not have the fine varieties of fruits, as of the apple, for the poor wild crab of the woods would be our only fruit of this kind. The same holds good of animals; a handsome Arabian horse, pretty races of pigeons, are certainly beauties of nature."—SCHOUW: *The Earth, Plants, and Man*, p. 234.

* "Four, and sometimes five, crops are extracted from the land in the course of the year. The old-fashioned farmer, accustomed to the restrictions of old-fashioned leases, would stare at such a statement, and ask how long it would last. But his surprise would be still greater at being told that after every clearance the ground is deeply trenched, and its powers restored with a load of manure to every thirty square feet of ground. This is the secret of the splendid return, and it could be effected nowhere but in the neighborhood of such cities as London, where the produce of the fertilizer is sufficiently great to keep down its price. And here we have a striking example of town and country reciprocity. The same wagon that in the morning brings a load of cabbages, is seen returning a few hours later filled with dung."—*London Quarterly Review*, October, 1864; article, *London Commissariat*.

† "The care and attention bestowed by the market gardeners is incredible to those who have not witnessed it; every inch of ground is taken advantage of — cultivation runs between the fruit-trees; storking parties of cabbages and cauliflowers swarm up to the very trunks of apple-trees; raspberry-bushes are surrounded and cut off by young seedlings. If you see an acre of celery growing in ridges, be sure that, on a narrow inspection, you will find long files of young peas picking their way along the furrows. Every thing flourishes here except weeds, and you may go over a 150-acre piece of ground without discovering a single one. Quality, even more than quantity, is attended to by the best growers; and they nurse their plants as they

Disease, too, is banished as population grows, and as a market is gradually created upon, or near, the land; and as its powers are more and more developed. The poor laborer of Ireland sees his crop of potatoes perish before his eyes because of rot, consequent upon the unceasing exhaustion of the soil; and the agriculturist of Portugal witnesses the destruction of his hopes, by constant recurrence of the vine disease; while the American farmer is perpetually visited by blight resulting from the necessity for constantly withdrawing from the soil the material required for enabling it fully to supply the ever-recurring crop of wheat. The man who has a market at his door finds both insects and blight "banished" from his land "as strictly as from the court of Oberon."* Further even than this, he is enabled, from year to year, more fully to profit by the discoveries of scientific men, and by their aid to free himself from almost all the disturbing causes that heretofore have tended to cause loss to himself and others — thus making his pursuit so nearly certain in its results, as to add largely to the value of his labor and his land, and to afford convincing proof that wealth consists in the power to direct the forces of nature to the service of man.†

Throughout the world, and at all ages, the prosperity of agriculture, and the value of land, have been in the direct ratio of the proximity of the market. In the early days of Italy, the Campagna was filled with prosperous towns and cities, each furnishing a local centre of exchange, and commerce then was great.

would children. The visitor will sometimes see 'the heads' of an acre of cauliflowers one by one folded up in their own leaves as carefully as an anxious wife wraps up an asthmatic husband on a November night; and if rain should fall, attendants run to cover them up, as quickly as they cover up the zoological specimens at the Crystal Palace when the watering-pots are set to work."—*Ibid.* p. 154.

* *Ibid.*

† The manner in which science is daily adding to the productiveness of agricultural labor, and thus accelerating the progress of man, is illustrated in the following passage from one of the journals of the day:—

"Recent discovery has shown that remarkable effects could be produced on plants by interposing colored glass between them and the sun. Blue glass accelerates growth; and Messrs. Lawson, of Edinburgh, have built a stove-house glazed with blue glass, in which they test the value of seeds for sale or export. The practice is to sow a hundred seeds, and to judge of the quality by the number that germinate; the more, of course, the better. Formerly, ten days or a fortnight elapsed while waiting for the germination of the seeds; but in the blue stove-house two or three days suffice — a saving of time worth, so say the firm, '£500 a year.'"

So was it in Sicily, and in all the Grecian islands — in Mexico before the days of Cortes—and in Peru under the Incas; and so has it since been seen to be in Belgium, and in Holland. Everywhere, as centralization has grown, and as men have been forced to look to a distant market, it has declined, as we see it to have done in Greece and Italy, in Mexico, and in Peru; and everywhere, as agriculture has declined, and land has lost its value, men have become more and more enslaved.*

§ 12. The views above presented harmonize perfectly with those of Adam Smith, while differing totally from those of the English school, which gave to the world the theory of over-population — now constituting the real groundwork of the modern political economy. No two systems ever differed more widely — the one looking entirely to the promotion of commerce, while the other looks as exclusively to trade; and yet, the teachers of the latter claim to belong to the school of the illustrious Briton, to whom the world is indebted for the *Wealth of Nations*!

The one regards man as the being he is — fitted to obtain the mastery over nature, and acquiring it by means of combination with his fellow-men; while the other sees in him a mere instrument to be used by trade. Such being the case, it is no matter for surprise that in showing how it is, that in the progress of nations, population tends to become divided, the latter should have looked to *bodies* only — leaving altogether out of view the effect of commerce in stimulating into activity those infinitely various faculties with which man has been endowed, and for the exertion

* “Columella says that, over the larger part of Italy, the instances are few in which the return is more than four to one. The increasing lamentations over diminished produce, as we descend in the series of authors, are quite consonant with these returns. They are confirmed also by unequivocal declarations in the later writers—that both the selling price and rent of land had declined, though the price of wheat had risen gradually from 3s. 6d. per quarter before, and 10s. in, the time of Cato, to 60s. in the time of Pliny. The expense of agricultural labor had not, in the mean time, increased materially. Palladius, the latest author, states the price of an agricultural slave to be from £60 to £86.” — GIBBORNE: *Essays on Agriculture*, p. 184.

Rome and her people were great absentee owners—living upon the contributions of distant provinces. The land of Italy was then held in enormous masses, and was cultivated by slaves. Production being, therefore, small, land and labor were both low in price, while food was dear, and pauperism almost universal. Centralization and over-population thus travel always hand in hand together.

of which alone those bodies were intended. The body of flesh is to be regarded as the mere instrument to be used by the mind—the soul—placed within it, and constituting MAN; and yet, of this real man political economy takes no account whatever—contenting itself with regarding him in the light of mere slave to animal passions, which prompt him to the pursuit of a course of conduct leading inevitably to his enslavement by his fellow-men. Grant him exemption from the evils of war, followed by increase in the facility of obtaining supplies of food, and at once, according to it, he rushes into matrimony—procreating his species with such rapidity that at the close of a brief period the poverty and wretchedness from which he had but just emerged, are reproduced. A slave he was thus created, and as a slave it is that he is treated.

To prove that he might be justly so regarded, it was needed to supply a law of nature in virtue of which his wants increased as his powers decreased. This was done by Messrs. Malthus and Ricardo, when they proved, as they supposed, that, by reason of “the constantly decreasing fertility of the soil,” the earth was a machine of constantly decreasing powers, whose cultivation required the application of a constantly *increasing* quantity of labor, to be rewarded by as constantly *decreasing* a return. Such being the case, agriculture came to be looked upon as the least profitable of all pursuits; whence it naturally followed, that diminution in the proportion of the labors of a community devoted to increasing the quantity of food and raw materials, and increase in that given to manufactures, trade, and transportation, were to be hailed as blessings, and as evidences of advancing civilization. England is, as we are told, superior to France, because, in the latter, two-thirds of the population are agricultural; whereas, in the former, only a fourth is so employed, while the people are better fed; and hence it is concluded that large farms, managed by tenants, and worked by hired laborers, are more productive than smaller ones, owned by the men who cultivate them, and who find therein little savings funds for all the mental and physical effort that the mere hireling wastes in seeking employment—in the pot-house in which he expends his hours of leisure—and in his travels to and from the place at which he labors. Common sense teaches the reverse of all this, and so does Adam Smith. The latter knew, as all must know, that the little pro-

prietor—giving his whole time and mind to the piece of land upon which he was always resident—was a greater improver than the absentee owner of immense estates, or his middleman agent—the latter always looking to present profit, and having interests directly opposed to those of the man who owned the land, and of those by whom the work of cultivation was performed. Such, however, is not the doctrine of the English school that has succeeded to Dr. Smith, and whose teachings may be briefly summed up in the few brief words—“The more middlemen—the more the people who stand between the producer and the consumer, to be maintained at their joint expense—the better it will be for all.”

That such is the tendency of their doctrines, and that diminution in the proportion borne by the agricultural to the transporting, converting, and trading population is to be regarded as an improvement, is evident from the fact that one of the most distinguished teachers of the British school assures his readers, that “there are no limits to the bounty of nature in manufactures; but there are limits, and those not very remote, to her bounty in agriculture. The greatest possible amount of capital might,” as he continues, “be expended in the construction of steam-engines, or of any other sort of machinery; and after they had been multiplied indefinitely, the last would be as powerful and efficient in producing commodities and saving labor as the first. Such, however, is not the case with the soil. Lands of the first quality,” as he further says, “are speedily exhausted; and it is impossible to apply capital indefinitely even to the best soils, without obtaining from it a constantly diminishing rate of profit.”*

Were this so, the most rapidly advancing country would always be that in which the attractions of trade and manufactures were greatest, and those of agriculture least; and the perfection of wealth and power would be found in the abandonment of cultivation, and the centralization of whole populations in the narrow streets and unwholesome houses and cellars of cities like London and Liverpool, Manchester and Birmingham—being directly the reverse of what was held by Dr. Smith. Happily, the truth is to be found in a direction as entirely opposed to this, as are the real facts in relation to the occupation and settlement of the earth to those imaginary ones assumed by Mr. Ricardo, and insisted upon

* McCULLOCH: *Principles of Political Economy*, p. 166.

by all of his successors. The "limits to the bounty of nature" are speedily found in manufactures, because, however numerous may be the spindles, the looms, or the engines, by which they are driven, they are all utterly useless until after the earth has done her work in providing the cotton, the wool, or the silk for them to spin or weave; and that this is so, is proved by the exceeding anxiety of British manufacturers in relation to the crops of cotton afforded by the soils of India and America. To the power of the earth, on the contrary, there are no limits. Her treasury overflows with the raw materials of food and clothing, and all she asks of man is that he will come and take them. "Plough deeply," says she, "and your crop shall be doubled." "Study nature, and your security against drought or rain, frost or blight, will be increased. Sink deeply into the bowels of the land and take out the coal and the ore, and you shall have instruments by whose help your powers will be fifty-fold augmented. Dig the marl, quarry the limestone, burn the oyster-shells, and the powers of your land will be trebled. Improve the poor soils you now cultivate, and you shall have the rich ones placed at your command. Ask, and you shall have; but it is *on the condition*, simple yet indispensable, that when you shall have eaten, drunk, or worn the things I give you—and when they shall have ceased to be available for your purposes—they be returned to the place from whence they had been drawn. Failure in this will be followed by poverty, starvation, and expulsion, if not even by death."

Directly the reverse of all this, is what is taught by the modern school of political economy, which professes to follow in the footsteps of Adam Smith, while rejecting his fundamental doctrines—and in which originated the theory of over-population.

§ 13. Having thus discarded from consideration the qualities by which man is distinguished from the brute, and thus reduced him to the condition of a mere animal; and having next reduced our great mother earth, the source from which we derive the food we eat, the wool we convert into cloth, and the timber of which we construct habitations, to a condition of inferiority as compared with the ship, the engine, or the mill into which we convert portions of this very earth itself—there remained yet one more step requiring to be taken, for the perfect establishment of the system.

That step was found in ignoring altogether, the existence of the obvious facts—first, that the capital of human force, physical and mental, existing in a community, is but another and higher form assumed by the food and clothing used in its production; second, that the advance of the community itself, towards wealth and power, is entirely dependent upon the ratio borne by the demand for capital in the form of man, to that for the various species of capital required for the production of man.

The smaller the demand for mental and physical force, the larger, necessarily, will be the *proportion* of that which is employed, which will be given to the satisfaction of the first of man's physical wants; and therefore do we find the poor and scattered people of the earth, when employed, giving themselves almost wholly to scratching the earth, in quest of food. The mass of their time and mind is, however, wasted, and must so continue to be, until by means of association and combination with their fellow-men, it can be economized. The more the waste, the less is the power to consume the products of the soil, and the less is the value of man—the less is his power of accumulating machinery by means of which, he may develop the resources of the earth—and the larger, necessarily, is the proportion borne by the transporters, traders, and converters, to the mass of which society is composed.

Studying now the societary movement in all declining countries, of the past and present, we find it to have been such as here is shown—being precisely the reverse of that exhibited in all communities that are advancing in wealth and population :

	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.
I. Waste; or applied to effecting changes of place.....	10	20	30	40	50	60	70	80	90
II. Labor of appropriation.....	12	12	12	11	11	11	10	10	10
III. Labor of conversion	22	20	18	17	15	13	12	10	—
IV. Labor of developing the resources of the earth.....	56	48	40	32	24	16	8	—	—
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

This is the road from civilization towards barbarism; and it is

the one in which now travel those communities of the world in which trade is acquiring power at the expense of commerce. At each successive stage, the quantity of commodities obtained is less than it had been before; and at each, there is an increase in the difference between the prices of the rude products of the earth, and those of the commodities required for the purposes of man — as here is shown :—

	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.
Finished commodity.....	10	10	10	10	10	10	10	10	10
Cost of conversion and transportation.....	1	2	3	4	5	6	7	8	9
Raw material.....	<u>9</u>	<u>8</u>	<u>7</u>	<u>6</u>	<u>5</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>1</u>

The downward progress is thus directly the opposite of the one before exhibited * — the power of the middleman constantly increasing, and the laborer becoming from year to year more completely a mere instrument to be used by trade.

§ 14. Not only is all the labor given to the work of manufacture, so much saved that would otherwise be wasted, but, by means of that economy, and by that alone, it is, that we are enabled to increase the quantity of mental and physical effort given to agriculture. Such being the case, and that such it is may readily be ascertained, we can have no difficulty in understanding the cause of weakness in all the purely agricultural communities of the world; nor why it is, that famines, pestilences, and death, follow so rapidly, in the train of a system that looks to having but a single workshop for the world.

Of the combined physical and mental power of Ireland, nine-tenths are waste. Taking the population of 1841, male and female, capable of doing a full day's work, at three-fifths of the whole, or 5,000,000, the waste would be equal to that of 4,500,000 persons; whereas, the whole number of persons, old and young, male and female, engaged in Great Britain in mining coal and ore, and in every branch of the iron and cloth manufactures, was but 1,333,000. Turning to India, we find the same state of things in relation to a population of more than a hundred millions. Looking throughout the world, we find hundreds of other millions similarly situated — being restricted to agricul-

* See *ante*, vol. i. p. 478.

ture, and having near them no market for the product of their labors. Limited to the production of cotton or sugar, tobacco or corn, there is no demand for taste or intellect; whereas, the man who is near London or Paris raises fruits and flowers, cauliflowers and pineapples, and finds in a constantly increasing reward for his labors the proper stimulant of his various faculties.

The direct tendency of the system under which such effects have been, and are being, produced, is that of causing enormous waste of capital — annihilating the demand for human service — preventing demand for any thing beyond mere brute force — exhausting the land itself — forbidding the acquisition of machinery — and driving men back from the rich soils of the valleys to the poor ones of the hills; and thus diminishing the quantity of commodities produced, while increasing the non-producers with whom they are to be divided — a course of proceeding that is, of all others, best calculated to produce the disease of over-population.

Of all the systems ever devised, it is the one most destructive of intellect, morals, and life; and hence it is, that we see whole communities subject to it gradually disappearing from existence, and likely, before the lapse of another century, to have left behind them scarcely any evidence that the lands they had occupied had ever been the homes of civilized and happy men.

§ 15. The views thus presented, may now be reduced to the following propositions, whose truth will be found confirmed by the most careful examination of the history of the world:—

I. That, in the early periods of society, when population is small and land abounds, the *proportion* of human effort required for obtaining the necessaries of life is great, but the *quantity* actually given thereto is small—the mass of the labor-power produced being wasted in the effort to effect changes in the place, or the form, of the commodities yielded by the earth; as a consequence of which man perishes for want of food.

II. That, with the growth of population and of wealth, the power of association increases, with constant increase in the ability productively to apply the force derived from the consumption of food, and constant diminution in the *proportion* required for effecting changes of place, or mechanical and chemical changes of form.

III That the quantity applied being a constantly increasing one, with constant diminution in the *proportion* thus required, there remains a constantly increasing proportion, of a constantly increasing quantity, to be given to increasing the mass of commodities required for the use of men, and susceptible of being changed in place or in form; and that with every step in this direction, larger supplies of food, and of all other commodities, are obtained in return for diminished quantities of physical or intellectual effort.

IV. That with every stage of progress individuality becomes more and more developed, with constant increase in the tendency towards association and combination—increase in the love of harmony and peace—and increase in the tendency towards the creation of local centres of attraction, neutralizing the centralization of trading and political capitals.

V. That, as the powers of the earth are more and more developed, the commodities required for the purposes of man steadily decline in value, while man himself becomes more valuable, more happy, and more free.

VI. That, while such is the natural course of events, directly the reverse of this is what is observed in all the countries subject to the British policy—individuality there everywhere declining—the power of association diminishing, and the tendency towards war as steadily increasing; with constant increase in the value of commodities and decline in that of man, who becomes from year to year more and more enslaved.

The tendencies of the system being thus opposed to the satisfaction of man's first and greatest need, there can now be little difficulty in understanding why it is, that it gave birth to the Ricardo-Malthusian theory; nor why it is that, in the leading countries of the civilized world, it has provoked resistance.

CHAPTER XXI.

THE SAME SUBJECT CONTINUED.

§ 1. OF all the communities of Europe, there is none in which war and trade have been in more close and constant alliance than in France—none in which the effects of that alliance in arresting the progress of agriculture, and in preventing the development of the treasures of the earth, have been more fully exhibited. Abroad, from the days of Charlemagne to those of Waterloo, she has been almost unceasingly engaged in arresting the motion of society among her neighbors—wasting, in the effort so to do, the larger portion of the mental and physical force of her own population. At home, her people have been deprived of all right to determine for whom they would work, and what should be their reward—while held, at all times, liable to be taxed at the pleasure of the sovereign for the service of the state. Always poor, her rulers have, with one hand, farmed to others the privilege of taking, almost at discretion, the property of their subjects; while, with the other, they have, for money paid to them in hand, granted exemptions from the payment of contributions. At one moment, they have sold titles, carrying with them such exemptions, and at another, they have annulled the grants. That accomplished, the titles have been resold—thus making the purchasers pay twice, and sometimes even thrice, over, for the same privilege. Thus, Henry IV. made such sales in 1593, recalled them, without repayment, in 1598, and then resold them in 1606. His successor, Louis XIII., continued to sell them until 1638; and then, in 1640, annulled all the grants of the previous thirty years. Louis XIV. continued the trade, selling privileges, and reselling, in 1661, titles that had been annulled in 1640—and then, three years later, annulled and reannulled “all the letters, or confirmations of nobility, granted since 1634.”*

* CLÈMENT: *Histoire de Colbert*, chap. v.

Bad as was all this, still worse was their conduct in reference to the currency. Philip the Fair changed the weight of the coin of the realm more than a hundred times in the course of his reign ; and no less than thirteen times in a single year. His successors, almost to the date of the Revolution, followed his example—buying gold and silver at low prices, and selling them at high ones ; and thus affording proof of the fact that dishonesty and meanness are the almost inseparable companions of arbitrary power.

§ 2. That the sovereigns of so magnificent a country should have found themselves compelled to the adoption of measures such as above are indicated, is among the extraordinary facts of history ; and yet it finds its explanation in the uniform tendency of French policy, to give to trade the mastery over commerce. With slight exception, such was the object of all the measures of the House of Valois, which for almost three centuries* presided so unhappily over the destinies of France. Under John,† were established numerous interior custom-houses, at which were collected, on all merchandise passing from province to province, the same duties that would have been payable upon similar commodities coming from distant countries ; while privileges of every kind were granted to foreign traders engaged in the introduction of their respective wares, to be exchanged against the rude products of the soil. Commerce being thus sacrificed to trade, and mental faculty being but little developed, there prevailed throughout the kingdom the most entire ignorance of the simplest mechanic arts ; while everywhere around, in the cities of the Netherlands and Germany, of Italy and of Spain, both art and science were making the most rapid progress.

Directly the reverse of this had been the policy of England. At the moment when John was extending the dominion of trade, and thus lessening the power to maintain commerce, Edward III. was inviting Flemish artisans into England, and limiting the powers of the foreigners by whom the English products had till then, to so great an extent, been monopolized. Such, too, having been the general tendency of the measures of their successors, the difference in the result is seen in the facts, that the records of the House of Valois—commencing with the English wars and ending with those

* 1328 to 1589.

† 1356.

of religion—constitute almost the most repulsive portion of French history, and close with a state of society in which the laborer was enslaved, and brute force furnished the only law; whereas, in those of England we find the history of a people gradually advancing towards freedom, and presenting to view, at the close of the period above referred to, the community in which were born and educated, the Hampdens and the Pym, the Winthrops and the Williamses—the men who at home set limits to the power of the crown, and those who, abroad, laid the foundation of the great republic of modern times.

In the one, we find the States-General steadily declining in its influence; whereas, in the other, we mark a gradual growth in the power of Parliament to control the affairs of state.* Such were the different effects of policies, the one of which looked to increasing the power of trade, while the other was specially directed to the extension of commerce.

§ 3. The example above described, as having been set by the sovereigns, was followed in every quarter of the kingdom, and in all departments of employment. More than in any other part of Europe did the parasitic races there exist in numbers and in force. Offices of every description were sold; and, not unfrequently, three or four persons held the same charge, as first, second, third, or fourth in order—each and all busily engaged in collecting from the people the revenue required for their support. Local taxes were almost innumerable, while manufacturers surrounded themselves with regulations, looking to the prevention of domestic competition for the purchase of raw materials, or for the sale of manufactured goods. Of the total product of labor, so large a portion was absorbed in its passage from the producer to the consumer, that while the one could obtain but little cloth for his food, the other could have but little food in exchange for his cloth. Commerce having, therefore, but slight existence, the nation presented to view little more than two great classes, the one of which lived and labored in wretchedness, even when its members failed to perish of famine and pestilence—while the other

* The last assembly of the States-General, prior to that which occurred in 1788, was in 1605, when the popular branch of the English Parliament was rapidly acquiring the power whose existence was soon after so clearly manifested.

revelled in barbaric luxury. In no part of Europe was the magnificence of the few so great; but in none was the misery of the many so complete; and at no period had the contrast thus presented been much more perfect, than when, in 1661, Colbert was called to the management of the finances of the kingdom.

The system of internal intercourse then existing greatly resembled that of Germany at the opening of the present century—custom-houses being everywhere found on the borders of the provinces, obstructing the passage of men and things throughout the state. Anxious to remove these obstacles to commerce, Colbert, as far as then was possible, transferred them to the frontiers; and thus established freedom of circulation for all commodities, domestic or foreign, whenever these latter should have come within the limits of the kingdom.—Next, he sought to improve the means of transportation; and the canals of Orleans, Briare, and Languedoc remain to attest his care in this regard. Further—desiring to promote commerce between man and man, by re-establishing the various industries that had so nearly perished during the long period of the civil wars—he imposed heavy duties on foreign manufactures generally; while exerting himself in all directions to naturalize among his countrymen the raw materials needed for the proper development of their agriculture, and the skill required for their conversion into commodities fitted to serve the purposes of man.

Throughout the reign of Louis XIV., political centralization tended to increase, but the system of his great minister looked towards social and commercial decentralization; and to his measures is largely due the fact, that agriculture, manufactures, and commerce have made the progress since exhibited. “Taken altogether,” says M. Blanqui, “they compose the finest politico-economical edifice ever erected by any government. Alone, among the ruins of the past,” as he continues, “it has remained standing, and it towers now at its greatest height among our institutions, which, notwithstanding the shock of revolutions, have never lost the stamp of his imposing originality. Colbert,” as he further adds, “opened the way for the national labor in a manner at once wise and regular,” and to his measures were due the facts that France “ceased to be exclusively agricultural, and became

enriched by the new value given to her land, and to the labors of her people."*

§ 4. Repeating, however, in his system, the error of the early Parliaments of England, Colbert prohibited the export of raw products of the soil. Like them, he sought to aid the agricultural interest, by bringing the artisan to the neighborhood of the farmer, and thus relieving the land from the heavy tax of transportation; but, to the measures adopted with that view he added others, by which the farmer was interdicted from going with his products to the distant artisan. By the one, he provided for the *gradual* removal of the obstacles standing between the producer and the consumer; but when by the other he prevented the free export of the surplus corn, he thereby *at once*, and largely, augmented the existing obstacles — stopping the circulation of food, and reducing the farmer to a condition of dependence on the manufacturer. Time, and further experience, would have corrected this, had peace been maintained, but such, unhappily, was not to be the case. Scarcely had his system begun to operate, when his master commenced the movement against the Protestants which terminated, twelve or fifteen years later, (1685,) in the Revocation of the Edict of Nantes. During all that period, two millions of the most intelligent and best instructed, and essen-

* *Histoire de l'Economie Politique*, vol. ii. p. 6. M. Blanqui professes himself opposed to the principle of protection, yet can he not refrain from expressing his admiration of its results. So is it, too, with Mr. J. B. Say, who tells his readers that if "France has now the most beautiful manufactures of silks and of woollens in the world, she is probably indebted for them to the wise policy of Colbert."

No one who has studied the history of that great man can hesitate about agreeing in the views expressed in the annual address of the president of the *Academie des Sciences Morales et Politiques* — M. Amadée Thierry — in January 1856, as follows:—

"The founder of the protective system understood commercial and industrial freedom; he loved it, but he desired that it should be possible, and that it should be so it was necessary that commerce and industry should first exist. They were born among us, and they have grown by help of that happy compound of protective authority and gradual emancipation which characterized the system of Colbert, where, whatever may be said to the contrary, there is nothing absolute or exclusive — where time is the great agent of freedom." * * * * *

"Louis XIV. might with truth and justice say that, in giving him Colbert, God had done much for the prosperity and glory of his reign. France might add, that she owes to his wise counsels the wonderful development of her industry; and that this, in turn, owes to them the strength which now permits it to reduce the barriers by which it has been protected."

tially manufacturing, of the people of France, were exposed to persecutions of the most revolting kind—persecutions resulting in the death of at least half a million of persons; while at its close, at least an equal number abandoned the land of their nativity—carrying with them, into England, Holland, and Germany, such portions of their property as had escaped the general wreck; and carrying with them, too, the secrets of their various departments of manufacture, their intelligence, and the excellent habits by which they had been at home so much distinguished. It was a repetition, though on a smaller scale, of the policy of Ferdinand and Isabella, and their successors, in expelling the Moors from Spain; and it was followed by the same effects precisely—the ruin of agriculture. When to this we add the fact, that Louis was almost constantly engaged in wars with the most powerful of the European states—wars demanding enormous sacrifices, and closing, invariably, with treaties* whose provisions required, in favor of his opponents, the abandonment of the protection to manufactures that Colbert had established—it is no matter of surprise, that the condition of the people, at his death, should have been miserable to a degree of which we can now form scarcely a conception; nor, that the reign of his successor should have been distinguished by feebleness in the motion of society—by an almost total absence of commerce—by extreme reduction in the price of food—by inability to find the means with which to purchase it—and by a universal depression of the agricultural interest, consequent upon the almost entire annihilation of the manufacturing one.†

§ 5. A century after Colbert, we find Turgot—animated by the same views—laboring to free the land and labor of the country from the thousand monopolies that still remained, to retard the growth of commerce. The period during which he occupied the post of Comptroller General of the Finances, exhibits a constant series of edicts looking to the abolition of exclusive privi-

* Nimeguen, in 1679; Ryswick, 1697; and Utrecht, in 1713—all of which contained provisions setting aside Colbert's tariff of 1667; and one of which went so far as to limit the power of the king to grant protection to his subjects. No stronger proof is furnished in history of the close connection between weakness and centralization than is to be found in the records of the reign of Louis XIV.

† See Vol. I., p. 254, for the condition of the people under Louis XV.

leges, and to the emancipation of the laborer from the control of corporations composed of men who "lived and moved and had their being," in virtue of the right, hitherto secured to them by law, of standing between those who required to consume, and those who labored to produce. His career was short, but had it been prolonged, he would probably have realized his prediction to the king, that at the end of ten years the nation would not be recognised as being the same as that which he had found when entering upon the duties of his office.

Those years were not, however, allowed to him. His administration lasted three years only, and with its close disappeared all hope of peaceful solution of the financial difficulties of the government, or peaceful removal of the burdens under which the people suffered. Theoretically, Turgot was opposed to the idea of granting protection to the farmer in the effort to bring the consumer to his side; but he never attempted to interfere, in that direction, with the system he had found established. That work was left for his incapable successors, by whom was negotiated, in 1786, a treaty with England, by which French manufactures were sacrificed, and without even the appearance of advantages obtained for agriculture. Forthwith, the towns and cities of France were inundated with English merchandise; and before the treaty was two years old, the varied industry that had been built up with so much care had almost ceased to exist. Workmen were everywhere discharged—and everywhere starving for want of a market in which to sell their labor; while agriculture suffered, because the men who could not sell their labor could buy no food. Commerce had perished under the heavy blows administered by trade. The distress was universal — paralyzing the movement of the government, and forcing it to the adoption of the initial measure of the Revolution — the calling together of the Notables in 1788.

All that Turgot, but a few years earlier, had claimed — but vainly claimed—in behalf of the people, was taken by them, when revolution swept away the privileges of trading and religious corporations; when the necessities of the state led to the confiscation of the property of the nobility and the church; and when peer and peasant were declared equal before the law. Thenceforth, commerce was in a great degree freed from the restrictions by

which her course had been before impeded. Thenceforth, the right to labor ceased to be a privilege. Thenceforth, the soil became the subject of purchase and of sale; and thenceforth, the laborer could bestow his labor on a piece of land, confident that whatever might be the value given to it, that value would enure to the benefit of his wife, his children, and himself. Decentralization had thus triumphed over centralization; but the measures to which were due the effects above described, were accompanied by the greatly centralizing ones of the abolition of all the provincial governments, the annihilation of the ancient boundaries, and the division of the whole territory into departments—all tending, necessarily, towards diminution in the feeling of local pride which so much contributes to the activity of social life. Provision was being made for future diminution of social centralization, but political centralization was at once, and largely, increased; and hence it is, that France has not, as yet, been enabled to obtain a stable government.

Amid this war of elements, the system of Colbert, so far as it looked to the establishment of direct intercourse between producers and consumers, and to the emancipation of commerce from the dominion of trade, stood unharmed—the retrograde step of those who negotiated the treaty of 1786 being now retraced, and protection being re-established. The war that followed—producing a necessity for looking homeward for supplies of cloth and of iron—tended in the same direction. Such, too, was the tendency of the Continental System of Napoleon; and therefore was it, that the return of peace found the people and the government of France prepared to act together in carrying out, and even in strengthening, the measures of resistance to trading centralization commenced, a century and a half before, by the illustrious minister of Louis XIV.—measures looking to the emancipation of the farmer from the oppressive tax of transportation.

How far they have tended to the advancement of agriculture, will be seen by the following figures—derived from the *Statistique de l'Agriculture de la France*—compiled by M. de Jonnès from official documents, and representing the increase in the money value of the product of agricultural labor since the beginning of the last century:—

Periods.	Length of term.	Total increase of annual product.	Annual average of increase.
1700 to 1760 ... 60 years ...		26,750,000 francs. ...	445,000 francs.
1760 to 1788 ... 28 " ...		504,583,000 " ...	18,000,000 "
1788 to 1813 ... 25 " ...		1,323,638,000 " ...	53,000,000 "
1813 to 1840 ... 27 " ...		2,665,198,000 " ...	100,000,000 "

The first of these, was that which followed the exhaustion of the resources of the kingdom by the continued succession of the wars of Louis XIV.—a period in which, says M. Blanqui, "commerce had almost ceased to exist; and manufactures, decimated by the proscription of the Protestants, seemed condemned to lose all the conquests for which they had been indebted to the genius of Colbert." *

The second was that during which the proscriptive ideas which had dictated the repeal of the Edict of Nantes, continued to be maintained; that during which the clergy retained for themselves the literary censorship; that during which the vendors of prohibited books were branded and sent to the galleys; and that in which Turgot vainly endeavored to carry into more full effect the ideas of Colbert, in reference to the emancipation of the internal commerce of the kingdom from the almost innumerable restraints which forbade the circulation of labor and its products. †

* See Vol. I., p. 254.

† "Fettered and oppressed in every way as France was under her despotic kings, the spirit of invention and enterprise could never rise to those high conceptions which, of late years, have brought England and America to the summit of prosperity. Manufacturers, placed under the severe control of men who purchased their offices from government, and who, therefore, exercised them with rapacity, could not hazard any improvement without infringing the established regulations, and running the risk of having their goods destroyed, burnt, or confiscated. In every trade, official regulations prescribed to workmen the methods of working, and forbade deviation from them, under pain of the most severe punishments. Ridiculous to say, the framer of these statutes fancied he understood better how to sort and prepare wool, silk, or cotton, to spin threads, to twist and throw them, than workmen brought up to the trade, and whose livelihood depended on their talent.

"To insure a compliance with such absurd regulations, inquisitorial measures were resorted to; the residences of manufacturers were entered by force; their establishments searched and explored, and their modes of working inquired into. Thus their most secret methods were often discovered, and pirated by fraudulent competitors.

"The worthy Roland de la Platiere, who was a minister during some part of the French Revolution, and put an end to his life in the Reign of Terror, gives a deplorable account of the numerous acts of oppression he had witnessed. 'I have seen,' says he, 'eighty, ninety, a hundred pieces of cotton or woollen stuffs cut up and completely destroyed. I have witnessed similar

The third, was a period of war, accompanied by an unceasing demand for men and money — and closing with two occupations of the soil of France by the assembled armies of Europe; and yet, so beneficial were the effects of the removal of even a portion

scenes every week for a number of years. I have seen manufactured goods confiscated; heavy fines laid on the manufacturers; some pieces of fabric were burnt in public places, and at the hours of market; others were fixed to the pillory, with the name of the manufacturer inscribed upon them, and he himself was threatened with the pillory in case of a second offence. All this was done under my eyes at Rouen, in conformity with existing regulations or ministerial orders. What crime deserved so cruel a punishment? Some defects in the materials employed, or in the texture of the fabrics, or even in some of the threads of the warp!

“‘I have frequently seen,’ continues Roland, ‘manufacturers visited by a band of satellites, who put all in confusion in their establishments, spread terror in their families, cut the stuff from the frames, tore off the warp from the looms, and carried them away as proofs of infringement; the manufacturers were summoned, tried, and condemned; their goods confiscated; copies of their judgment of confiscation posted up in every public place; future reputation, credit, all was lost and destroyed. And for what offence? Because they had made of worsted a kind of cloth called *shag*, such as the English used to manufacture, and even sell in France, while the French regulations stated that that kind of cloth should be made with mohair.

“‘I have seen other manufacturers treated in the same way, because they had made camlets of a particular width, used in England and Germany, for which there was a great demand from Spain, Portugal, and other countries, and from several parts of France, while the French regulations prescribed other widths for camlets.’

“There was no free town where mechanical invention could find a refuge from the tyranny of the monopolists — no trade but what was clearly and explicitly described by the statutes could be exercised — none but what was included in the privileges of some corporation.

“No one could improve on a method, or deviate from the prescribed rules for manufacturing stuffs of cotton, worsted, or silk, without running the risk of being heavily fined, having his frames destroyed, and his manufactured goods burnt in the public place by the hands of the executioner.

“Many inventors were forbidden to reduce their inventions into practice, when their application for letters-patent was not supported by powerful recommendations, or when they were unable to bid a high price for the goodwill of the clerks of office.

“Some merchants of Nantes and Rennes wished to form, on a new plan, manufactories of wool, silk, and cotton goods. They possessed new preparations for fixing the colors. As soon as the establishment was fitted up, the corporation of serge-makers contested their right of making woollen stuffs, and the corporation of dyers claimed the privilege of dyeing for them. Law proceedings, carried on for several years, absorbed the capital raised for the purpose of forming a useful establishment, and when at last a favorable decision was obtained, all the resources of the manufacturers were exhausted: thus, the serge-makers and dyers succeeded in ruining dangerous competitors!

“The art of snarling and varnishing sheet-iron was found out in France in 1761; but to carry it into execution, it was necessary to employ workmen and use tools belonging to several trades; the inventor, not rich enough to pay the fees of admission into the corporations to which those trades belonged, went abroad and formed an establishment in a foreign country.” — PUSSIGNA: *French Law of Patents*.

of the obstacles to commerce, that, as we here see, the annual augmentation of the value of the products of agriculture was thrice greater than it before had been.*

It is in the fourth and last, however, that we find something approaching a realization of the anticipations of Colbert, in an annual average increase in the money value of the products of the farm, amounting to no less than a hundred millions of francs, or twenty millions of dollars; and in a total annual product exceeding five thousand millions of francs, against less than three thousand millions, twenty-seven years before. The return to the labor employed in cultivation had therefore almost doubled, and

* Under such a system as that described in the preceding note, manufactures could scarcely thrive, nor could a market be made for the products of labor given to the work of cultivation. How this latter was itself impeded, is shown in the following passage, which, however, exhibits but a small portion of the feudal oppressions under which the people labored:—

“The most important operations of agriculture were fettered or prevented by the game-laws, and the restrictions intended for their support. Game of the most destructive kind, such as wild boars and herds of deer, were permitted to go at large through large districts called *Capitaneries*, without any enclosures to protect the crops. The damage they did to the farmers, in four parishes of Montceau only, amounted to 184,000 francs, or £8000, a year. Numerous edicts existed which prohibited hoeing and weeding, lest the young partridges should be disturbed; mowing hay, lest the eggs should be destroyed; taking away the stubble, lest the birds should be deprived of shelter; manuring with night soil, lest their flavor should be injured. Complaints for the infraction of these edicts were all carried before the manorial courts, where every species of oppression, chicanery, and fraud were prevalent. Nothing can exceed the force of expression used in the cahiers of the provincial bodies, in describing the severity of these feudal services. Fines were imposed at every change of property, in the direct and collateral line; at every sale, to purchasers; the people were bound to grind their corn at the landlord's mill, press their grapes at his press, and bake their bread at his oven. *Corvées*, or obligations to repair the roads, founded on custom, decrees, and servitude, were enforced with the most rigorous severity: in many places the use even of handmills was not free, and the seigneurs were invested with the power of selling to the peasants the right of bruising buckwheat or barley between two stones. It is vain to attempt a description of the feudal services which pressed with so much severity upon industry in every part of France. Their names cannot find parallel words in the English language. Long before the Revolution broke out, complaints were loudly heard over the whole country of the exterminating tendency of these feudal exactions. They became better understood by the higher classes as it advanced, from the clamor which was raised by the nobility at their abolition.

“The *Corvées*, or burdens imposed for the maintenance of the highways, annually ruined vast numbers of the farmers. In filling up one valley in Lorraine, no less than three hundred were reduced to beggary. The enrolments for the militia were also the subject of grievous complaint, and styled in the cahiers, ‘an injustice without example.’ But the people soon found that they had made a grievous exchange in substituting for it the terrible conscription of Napoleon.”—ALISON: *History of Europe*, vol. i. p. 83.

yet the number among whom it was to be divided had increased less than twenty-five per cent.—the population having grown from 29,000,000 to 36,000,000.

§ 6. In the facts above given we find evidence of a constant acceleration of production resulting from increase of numbers, and from increased activity of circulation consequent upon the diminution of that prime obstacle to the growth of commerce which consists in the necessity for effecting changes of place.

Thus far, however, they have referred to the money value alone — no mention having yet been made of the quantity of things produced ; and we may therefore turn to the same authority with a view to see how far the change in the former has been due to that effected in the latter. Doing this, we find that whereas, in the period which followed the expulsion of the Huguenots and the decline of manufactures, the average production of cereals declined from eight to seven hectolitres per hectare, it rose, in the last one, from eight, at which it stood in 1813, to more than thirteen — being an increase of no less than sixty-two and a half per cent.*

The change in the quantity of the several kinds of food is given in the following passage from a recent work of much ability, by which it is shown, that the supply has grown twice more rapidly than population ; and that, therefore, the Malthusian theory finds small support in the course of events in France :—

“ For the cereals, our agricultural statistics give the following figures :—

Year.	Population.	Quantity.
1760	21,000,000	94,500,000 hectolitres.
1784	24,000,000	115,816,000 “
1813	30,000,000	132,435,000 “
1840	34,000,000	182,516,000 “

which gives, per head, in 1760, 450 litres of cereals of all kinds, and in 1840, 541 litres.† This, however, is not all—the quality being as much superior as the quantity.

“ In 1760, we had but 31,000,000 of hectares of wheat, whereas in 1840 we have 70,000,000. Deducting the seed, we could feed

* DE JONNÈS : *Statistique*, p. 45.

† A litre is about 1½ pints, and a hectolitre is 22 gallons.

entirely with wheat nineteen millions of people, when, a century since, we could not have fed seven millions.

“ In addition to all this, we have a culture that is altogether new, that of the potato, which occupies nearly a million of hectares, and yields 96,000,000 of hectolitres. Further, we have 3,000,000 of dried vegetables, leaving altogether out of view the garden vegetables, the fruits, and many other of the products of the earth. Thus far we have, per head—

	In 1760.	In 1840.
Wheat*.....	150 litres.	208 litres.
Inferior cereals.....	800 “	338 “
Potatoes and <i>legumes secs</i>	— “	291 “
	<hr/> 450 litres.	<hr/> 832 litres.”†

This is a great change, and yet it is but a part of what has been effected. The policy of Colbert, in seeking to diversify the modes of agricultural employment, having been carried out by Napoleon in reference to sugar, the result is seen in the fact, that France has now more than a hundred thousand acres devoted to the culture of the beet-root — producing sugar to the amount of sixty or seventy millions of francs, equal to twelve or fourteen millions of dollars; and so cheaply is it supplied, that the sugar of the colonies finds itself now forced to implore protection against the domestic manufacture.‡

In 1812, the total amount of silk cocoons produced, but little exceeded 5,000,000 kilogrammes; now, it exceeds 25,000,000, with a value of a hundred millions of francs, or twenty millions of dollars.

France has now 32,000,000 of sheep, against 27,000,000 in 1813, and 20,000,000 in 1789;§ but the improvement in quality has been far greater than that in quantity — the demand from the constantly growing woollen manufacture, having offered a large bounty upon the devotion of time, mind, and means to the improvement of the race.

Cloth has steadily declined in price, while wool has much

* That the change here indicated is still in rapid progress, is shown by the fact that while the average product of wheat in the years 1842–1848 was only 72,000,000 hectolitres, that of 1847–1851 was no less than 86,000,000.

† DE FONTENAY: *Du Revenu Foncier*, p. 82.

‡ LAVERGNE: *Journal des Economistes*, March, 1856.

§ DE JONNÈS: *Statistique*, p. 441.

advanced; and the corn that a century since would command but twelve and a half francs, was worth nineteen francs in the period ending in 1840. The prices of the raw material and of the finished commodity are steadily approximating each other — thus affording the strongest evidence of advance in civilization. The consequences of the increase of quantity, and of price, are seen in the fact that whereas, eighty years since, the average money value of the produce of an acre of land was $87\frac{1}{2}$ francs, it has since risen to no less than 237 — having almost trebled.*

We see, thus, that much of the augmented money value results from increase in quantity, and most especially from increase in those bulky products of the earth that will not bear transportation to distant markets. A further portion of it is consequent upon the increased utility of many portions of the produce, resulting from the existence of a market near at hand. Thus, the wheat straw, alone, is valued at 393,000,000 of francs, or nearly \$80,000,000; and the total value of the straw of France at 761,000,000 of francs = \$150,000,000 — being more than the total value of the cotton crop of the United States, which occupies, so nearly exclusively, the land of no less than ten of our States, and furnishes almost the whole employment of so many millions of our people.

§ 7. The general effect of the changes above described will be

* Ibid. p. 94.

"All those of us who are forty years of age, have seen a sensible diminution in the prices of garden vegetables, fruits of all descriptions, flowers, &c. — in those of most of the oleaginous seeds, and of the plants used in manufactures. Some of our vegetables, as, for instance, the beet-root, the carrot, beans, and peas, have become so common that they are used for feeding cattle."—*DE FONTENAY: Du Revenu Foncier*, p. 86.

At first sight, this might seem to be in opposition to the general idea of the gradual tendency to increase in the power of the products of the land to command money in exchange; but, when considered, the difficulty is only an apparent one. All the plants above referred to, are those whose cultivation comes with improvement in the state of agriculture, and development of the agricultural mind; and most of them have been introduced into the countries of Europe in which they now are raised. Had Louis XIV. desired a dish of boiled potatoes, he would have found it as expensive as would have been one of ortolans — because of the distance from which they must have been brought, and consequent cost of transportation. Being now naturalized, and universally cultivated, they obey the same law as wheat, and in a manner much more marked — selling, when close to market, so high as to afford the largest remuneration to the farmer, and when distant from it, so low as to afford him little or no compensation for his labor or for the use of his land. Such, too, is the case with all the products above referred to.

found in the following brief summary of the contents of an extended article, communicated by M. de Jonnés to the *Annuaire de l'Economie Politique et Statistique*, for 1851; for which we are indebted to a work to which the reader's attention has already frequently been called :—*

"The inquiry extends back to the period of Louis XIV., embracing the experience of one hundred and fifty years, divided, for the purposes of comparison, into five periods. The facts, as condensed in a tabular form, are as follows :—

"The first table contains a statement of the aggregate expenditure, at different periods, for the cultivation of the soil of France, (excluding the value of the seed,) in millions of francs—of the proportion which the sum total of wages bore to the whole value of the product of the soil—and of the amount of such expenditure per head to the actual population of the kingdom at each epoch, as follows :—

Epoch.	Cost of cultivation. Francs.	Proportion to the entire product. Per cent.	To each inhabitant. Francs.
1700, Louis XIV.....	458,000,000	35	24
1760, Louis XV.....	442,000,000	37	21
1788, Louis XVI.....	725,000,000	43	30
1813, The Empire.....	1,827,000,000	60	61
1840, Louis Philippe....	3,016,000,000	60	90

"The following statement gives the division of wages among the agricultural families of the kingdom at the same period, upon the estimate that they averaged four and a half persons to a family, giving the annual wages of each family, and the amount per day for each family :—

Number of agricultural families.		Annual wages. Francs.	Daily wages of each.			
			Franca.	Centimes.†		Sous.
1700	3,350,000	135	0	37	or	7½
1769	3,500,000	126	0	35	"	7
1788	4,000,000	161	0	45	"	9
1813	4,600,000	400	1	10	"	22
1840	6,000,000	500	1	37	"	27

"M. de Jonnés compares these prices of labor with those of wheat, for the purpose of seeing how far they would go in the

* SMITH: *Manual of Political Economy*, pp. 94–100.

† The centime is the hundredth part of a franc, or about one-fifth of a cent: the sou is five centimes, or about one cent."

respective periods towards, supplying the prime necessities of life. He reckons that thirteen and a half hectolitres (the hectolitre is $2\frac{3}{4}$ bushels) of wheat, has been about the quantity of grain needed for the consumption of a family—needed more during the earlier than the latter periods, because its want is now, in a great degree, obviated by a variety of garden vegetables, formerly unknown or very little cultivated. He constructs a table giving the mean price of wheat, deduced from an average of the market for long series of years, under each reign, as follows :—

			Mean price per hectolitre.	
			Francs.	Centimes.
Under Louis XIV.,	average of 72 years...	18	.....	85
“ Louis XV.,	“ 60	“	... 13	..... 05
“ Louis XVI.	“ 16	“	... 16	..... 00
“ The Empire,	“ 10	“	... 21	..... 00
“ Constitutional Monarchy,	“ 10	“	... 19	..... 08

“The result of a comparison of the annual earnings of a family of agricultural laborers, with the cost of thirteen and a half hectolitres of wheat required for their annual consumption, is given in the following table :—

Period.	Wages. Francs.	Cost of $13\frac{1}{2}$ hectolitres.	
		Francs.	Francs.
1	135	..... 254; deficit,	119
2	126	..... 176; “	50
3	161	..... 216; “	55
4	400	..... 283; excess,	117
5	500	..... 256; “	244

“During the reign of the *Grand Monarque*, the rural population of France wanted bread half of the time. Under the sway of Louis XV., it had bread two days out of three. Sufficient progress had been made under Louis XVI, to give it bread three-fourths of the year; while, under the Empire and the rule of the Citizen King, wages were sufficient to supply the laborer with bread through the year, and leave a surplus towards procuring other food and clothing. Doubtless, the laboring classes at the earliest period obtained food enough, such as it was, to support animal life, and made shift to get some clothing also. But their bread was made of the inferior grains, chestnuts, and even worse materials. De Jonnès quotes the Marquis d'Argenson, one of the ministers of Louis XV., as saying, in 1739, ‘At

the moment when I write, in the month of February, in the midst of peace, with appearances promising a harvest, if not abundant at least passable, men die around us like flies, and are reduced by poverty to eat grass.' He ascribes their condition to excessive taxation, declaring that the kingdom was treated like an enemy's country laid under military contribution. The Duke of Orleans, to bring the condition of his people to the knowledge of the sovereign, finally carried a loaf of *fern* bread to the meeting of the king's council, and at the opening of the session laid it before his Majesty, saying, 'See, Sire, what your subjects live upon.' This may be regarded as an exceptional case; but a very small portion even of well-read men, at the present day, have any adequate impression of the wretchedness of the food upon which the mass of the people of Europe fed a century and a half ago, and which even now makes the subsistence of a large portion of them.* De Jonnès says of his countrymen, in the year of grace 1850, 'A large part of the population of our rural districts continue, from habit and from necessity, to feed upon a detestable bread, an indigestible mixture of rye, barley, bran, beans, and potatoes, which is neither leavened nor cooked sufficiently;' and Blanqui, who, under a commission of the Institute, has for two years past been journeying through the provinces to examine into and report upon their condition, declares that they alone who have seen it, can conceive the degree in which the clothing, furniture, and food of the rural population are slender and sorry. An official report for 1845, of the number of houses in France subject to the *door-and-window tax*, shows that there are, in all, 7,519,310 houses—of which 500,000 have only one aperture, 2,000,000 with only two, and 1,500,000 with from four to five. Two-sevenths only of the whole have six or more openings. Thus are the French people lodged.

"We can obtain, however, a more complete idea of the general destitution of France, from the estimate of Michel Chevalier, that the sum total of value annually produced in that country, if equally divided among its inhabitants, would give an average of

* According to a Report of the Central Agricultural Congress, at Paris, published in the *Journal des Débats*, March 30, 1847, it appears that in 1760 only 7,000,000 of the French people lived on wheat and corn; while, in 1843, 20,000,000 lived on wheat and corn, and the remainder were much better nourished than in the former period."

less than 63 centimes (about $12\frac{1}{2}$ cents) to each. Such is the fruit of tyrannous misgovernment: that it was greatly worse than this previous to the Revolution of 1793, may serve to show how much that revolution was needed, and how cheap a price it was, with all its crimes and horrors, for the improvement that has followed.

“We were led to this digression, because the thought would naturally rise, in the mind of an American reader, that the agricultural laborers must have had bread every day at a period when, according to the statistics of De Jonnès, their wages would only furnish it for half the time. The objection is obviated when we see that they fed on something far different from wheaten bread, which is taken as the measure of the capacity of their wages to supply food.

“Recurring now to the tables for the purpose for which they were adduced, we see that they prove a great advance, both in the absolute amount of wages, and in the *proportion* which they bear to the entire product, and to the share of the capitalist. The proportion to the entire product has almost doubled in one hundred and fifty years, having risen from 35 per cent. to 60. As between the laborers and the capitalists, it was, in 1700, 35 per cent. to the former, and 65 to the latter. It is now 60 per cent. to the former, and 40 to the latter, who, instead of getting two-thirds of the product—twice as much as the laborers—now get but two-fifths, leaving the laborers three-fifths, or 50 per cent. more than the capitalists. But, although the latter get a diminished proportion, the increased efficiency of labor and capital has made the crop so much greater, that this diminished proportion yields an amount not only absolutely greater, but greater relatively to the increased population. This is readily shown by a few figures, deduced from the tables of M. Jonnès. Taking for comparison the two extremes, we find the following results:—

	Total population.	Agricultural population.	Paid to agricul. laborers. <i>Francs.</i>	Total product. <i>Francs.</i>	Leaving for rest of population. <i>Francs.</i>
1700,	19,500,000	15,000,000	458,000,000	1,308,000,000	850,000,000
1840,	36,000,000	27,000,000	3,016,000,000	5,025,000,000	2,009,000,000

“From this it appears that, notwithstanding the laborers are so much better paid—three and two-third times more than in

1700 — (or, rather, *because* they are so much better paid,) the remainder, left to be divided among the capitalists and non-agricultural classes, is larger than before, and they fare better also. The entire population of France lacks three millions of having doubled, while the crop has nearly quadrupled; so that, on an equal distribution, there is now twice as much for each mouth as in 1700. But, looking to the actual distribution, now and then, we see that while the non-agricultural population has increased 100 per cent., the surplus left, after paying the agricultural laborers their increased wages and enlarged proportion, has increased 127 per cent. This is the state of the case, the comparison being made in money. If it is desired to estimate it in food, we have the necessary elements of calculation, when we know that the mean price of wheat at the first epoch was 18 francs 85 centimes per hectolitre, while at the latter it was 19 francs 3 centimes — a difference of less than two cents a bushel. If it should be objected that these figures do not show how much goes to the landlord in his quality of owner of the soil, and how much to the man who advances capital in the shape of seed, tools, &c. for its cultivation, the answer is, that the *proportion* of the crop which pays both is less than formerly: if the landlord took the whole, it would be a less share than both obtained in 1700; and if he now gets nothing in his quality of proprietor of land, leaving the whole to remunerate himself or third persons for the use of capital other than land, it is less in ratio than he originally received for the use of the land and all the other capital employed in tilling it.

“The operation of the law is indicated by a comparison of different portions of France. ‘It is,’ says Passy, ‘a country of contrasts. There are departments which seem to have made no agricultural progress for a century; there are others whose agriculture is not behind that of the most advanced countries of Europe. In the departments most backward, the expenses of cultivation do not exceed an average of 30 francs to the hectare, (2 $\frac{1}{10}$ acres,) and the gross revenue is about 70 francs. In the advanced departments, on the contrary, the expenditure amounts to 200 francs and over to the hectare; and at this cost a gross product is realized of at least 320 francs, leaving the farmers, as well to pay the rent as for their own profits, about 120 francs. In the latter, the excess of the produce above the cost of produc-

tion is three times that of the former ; but it requires nearly *seven* times the amount of advances of capital.* The capitalists, who obtain for rent and profits four-sevenths of the value of the crop, have but one-third the *amount* received by those whose proportion is but three-eighths. The remaining five-eighths, which the latter expend in the wages of laborers and the improvement of the soil, is five times as much in amount as is furnished for those objects in the poorer departments. Decreasing proportion for the capitalists, with increasing quantity, is thus exhibited, as well by the comparison between different districts of the same country, as by that of the country at large in different stages of its progress. The converse of the proposition must clearly hold in respect to the wages of labor ; and, after better wages have been provided for the existing laborers, there is still three times the amount to be added to the capital of the advanced departments, and to furnish wages for new laborers in the advanced departments, that the more backward could supply. Instead of population encroaching upon the limits of subsistence, those limits recede before the advance of population."

France is "a country of contrasts" — resulting from excessive political centralization. The proportion of the proceeds of labor required for governmental purposes, is prodigiously great, and nearly all of it has to seek the capital before it is again distributed. Paris grows, therefore, with unnatural rapidity — the population of the department of the Seine having increased in the last half century from six hundred thousand to more than a million and a half — and all the measures of government tending to produce, and to extend, the same effect. The question, however, is not so much one of existing condition, as of progress ; and the facts above given show conclusively that the agricultural population of France is steadily and rapidly improving in its condition — thus proving that societary decentralization is gradually correcting the errors of an unsound political system.†

* *Dictionnaire de l'Economie Politique*, vol. i. p. 38 ; article, *Agriculture*.

† "France has two great armies of nearly equal force — the one holding the pen, and the other the sword. Of sixteen men, there is one paid public functionary: if we count the soldiers and the sailors, one man out of nine derives his support from the budget of the state, the departments, or the communes." * * * "This state of things has a doubly disastrous effect: not only that agricultural France exhausts itself in paying so many people, but that the *elite* of the population, instead of giving its means,

§ 8. The first and greatest tax to be paid by land and labor being that of transportation, it is for that reason, that in purely agricultural countries, the collection of the means required for the support of government involves so much interference with the growth of commerce. In all such, land and labor are low in price, and the communities are poor and feeble. That tax diminishes as society assumes a more regular form; and therefore it is that the raw materials of manufactures—land, labor, corn, and wool—rise so much in price, as we see them to have done in France. The movement in that direction is evidence of improvement, and yet French economists complain of the competition of those who seek to purchase labor, as tending to increase the rate of wages; and of the competition of those who desire to purchase corn, as tending to raise the price of food * — cheap labor and cheap raw material being, apparently, regarded as indispensable to the maintenance of the power of trade to dictate the terms upon which the various nations of the world may participate in the advantages of commerce.

Whatever economizes labor tends to give value to the laborer. Whatever economizes the labor required for exchanging raw materials against money, tends to raise their price; and that economy exhibits itself again in a rise of wages, and an increase in the price of land. That these effects, as regards wages, were produced in the period between 1827 and 1840, is proved by the figures that have above been given; and that they have since been exhibited on even a larger scale, is shown by the fact, that M. de Jonnès now estimates the total agricultural product of France at no less than 8,000,000,000 of francs — and the total product of labor at 12,000,000,000 — giving an average of 350 francs per head, against 121 in 1789.† The change is a wonderful one, and affords proof conclusive of the advantage derived from the steady pursuit of a system looking to the diversification of employments, and to the consequent development of the latent faculties of man.

That they have been produced as regards land, is clearly shown by the important fact, that, while the reward of labor so steadily increases, the millions of small proprietors are finding their pro-

its activity, and its intelligence to the work of production, and thereby enriching our country, is only occupied in soliciting employment, in administering public affairs, in collecting taxes, and in maintaining order and security at home and abroad."—RAUDOT: *Decadence de la France*, p. 105.

* *Journal des Economistes*, May, 1854.

† *Ibid.* November, 1855.

perties constantly increasing in value; that the various qualities of land are so steadily becoming utilized, that those formerly regarded as inferior, are rapidly advancing towards an equality with the superior ones — rents which, less than thirty years since, ranged from 8 to 58 francs, now ranging from 40 to 80; the lowest having quintupled in value, while the highest have advanced but forty per cent.* The “contrasts” are thus becoming less marked, and thus are we afforded another and most conclusive evidence of advancing civilization.

§ 9. The closer the approximation of the price of the raw material and the manufactured commodity, the smaller, necessarily, is the *proportion* of the product of labor appropriated to the payment of the transporter, the trader, the soldier, and all others of the classes which stand between the men who labor to produce, and those who need to consume the things produced. The closer that approximation, the more rapid will be the circulation, the more *instant* the demand for labor and its products, and the greater the power to apply the faculties of mind and of body to the work of conversion—while giving a constantly increasing *proportion* to the labor of developing the riches of the earth, and thus augmenting the quantity of things susceptible of being converted. The quantity of food has increased twice more rapidly than the population; and yet the manufacturing industry of France has attained such large dimensions, that its product is given at 4,000,000,000 of francs, or nearly \$800,000,000 † — being probably twice the amount of the total yield of land and labor a century since. The movement, too, is a constantly accelerated one. Forty years since, France absorbed but sixty thousand bales of cotton; now, she requires four hundred thousand. Then, the whole value of the silks manufactured but little exceeded a hundred millions of francs; now, it amounts to nearly four hundred millions. Then, she made but little iron; now, she makes more than half a million of tons, and quite as much as was produced in Britain thirty years since. Then, her mines yielded but eight hundred

* PASSY: *Systèmes de Culture*, p. 56.

† This sum has reference to the additional value given to raw products by the processes of manufacture, and is not to be understood as including that of the materials themselves. The total amount of commodities manufactured is given at 8,000,000,000 of francs.

thousand tons of coal ; now, the quantity exceeds five millions — having sextupled in that brief period. These are great changes, and yet, so far are they from having been attended with a diminution in the proportion of physical and mental faculty given to agriculture, that they are the cause of a constant increase therein.

The total population in 1700 was 19,500,000, of whom all except 4,500,000 are classed as having been employed in the labors of the field — scratching the earth with the wretched machinery that was then in use. The total product of the labor of these 15,000,000 was then, as the reader has seen, only 1,308,000,000 francs, or \$270,000,000 ; of which, less than one-third was left for the support of those to whose labor the crops were due.

The population is now 36,000,000, of whom, according to M. de Jonnès, three-fourths, or nearly the same proportion as in 1700, are devoted to agricultural pursuits. This, however, refers to *bodies* only. The *mind* of France in the days of Louis XV. was otherwise employed ; whereas, at the present moment there is no department of employment to which it is more fully and freely given than to agriculture. Combining the physical and mental faculties, it may safely be asserted, that the *proportion* of the force of France now given thereto, is little less than twice as great as it was a century since ; and that such must necessarily be the case, is proved by the fact that whereas, in the early period, the people employed upon the land retained for themselves little more than one-third of 1,300,000,000 francs, now, when the total product is stated to have risen to 8,000,000,000, they retain little less than two-thirds. The fund out of which the labor of the present is to be paid, has increased at a rate twice more rapid than that appropriated to payment for the use of the accumulations of the past ; a course of things necessarily attended with diminution in the proportion of labor expended otherwise than in the development of the resources of the earth.

§ 10. The more perfectly a community finishes the raw products of its soil, so as to fit them for consumption, the larger will be the quantity of the physical and mental faculty of its people reproductively employed, and the larger will be the *proportion* of that *increased quantity* given to the work of augmenting the quantity of raw products requiring to be finished. The labor

given to the work of conversion is all of it economized ; not only so, but the relief that is thus obtained from the oppressive tax of transportation, enables the cultivator so to vary his demands upon the soil as largely to increase his crops—permitting him to feed and clothe himself better, while rapidly improving his machinery of cultivation. Further than this, he is enabled to return to the soil the manure that is made at the neighboring town or city ; and thus to increase the powers of his land. The productiveness of agriculture increases, therefore, in the direct ratio of the power of association and combination ; whence it follows, necessarily, that the supply of food becomes more abundant as the farmer and the artisan are more and more enabled to take their places by each other's side.

Directly the reverse of all this, is what is taught in that school of political economy which sees the highest perfection of social arrangement in the creation of a single workshop for the world ; and in the resolution of all other communities into bodies composed of mere tillers of the earth. The consequences are seen in Ireland, Turkey, and other countries that have been referred to—all of them being in a gradual course of decay and dissolution ; whereas, when we turn to France, whose policy is, and long has been, entirely opposed to the teachings of the English school, we find abundant evidence of the proposition, that a nation which desires that the supply of the raw products of the earth may be abundant, must make the demand for them — by bringing their consumers as near as possible to the producers, and thus diminishing the tax of transportation.

§ 11. Great as has been, in the last forty years, the progress of France, her people, as a rule, are yet poor,* and her productive powers are small when compared with her vast advantages. Why it is so, is, to use the words of M. Passy, already quoted, that “it is a country of contrasts ;” and that while her social policy is directed to the promotion of the growth of commerce, her political system looks, as far as possible, to its annihilation. For the maintenance of a vast naval and military establishment there are required enormous contributions in money ; and yet, oppressive as they are, they are less injurious than the withdrawal, annually,

from the labors of the field and the workshop, of so large a portion of the younger population; and at the precise period when their habits for life are to be determined. Again, the exigencies of the state forbid the free circulation of labor, every one being held liable to take his share in the chances of the conscription, and at the place at which he may have been enrolled. For police purposes, every workman is required to provide himself with a *livret* — or little book — in which his employer gives his character, and for being without which he is liable to be punished as “a vagabond.” The necessary effect of this is, to render those who labor to a certain extent the slaves of those who do not, as the employer can always so word the character he gives as to put his brother capitalists on their guard against those who appear to him to be too tenacious of their rights; and as, if thus deprived of employment at home, the workman finds himself deprived, by law, of the power to seek employment abroad.*

These, however, constitute but a small portion of the restraints by which commerce is impeded — centralization being universal, and operating everywhere, to produce a waste of that physical and mental faculty which represents the food and clothing that are consumed. Nothing can be done without the intervention of the government, the consequences of which are seen in the fact, that far more power is daily wasted than is profitably applied.†

* “Whoever, with the design of injuring the manufactures of France, shall have caused the emigration of the superintendants, clerks, or workmen of an establishment, shall be punished by imprisonment for not less than six months nor more than two years, and by a fine of not less than fifty, nor more than three hundred, francs.” — *Code*, art. 417, quoted in *Journal des Economistes*, June, 1856, p. 351.

† The following extracts will give the reader some idea of the character of these interferences:—

“The whole frontier is included in the law which prohibits the erection of machinery; and thus the commercial exertions of the inhabitants of a country some hundred leagues in length and ten broad, are paralyzed.” — MURRAY: *Summer in the Pyrenees*.

“By the French law, all minerals of every kind belong to the crown, and the only advantage the proprietor of the soil enjoys is, to have the refusal of the mine at the rent fixed upon it by the crown surveyors. There is great difficulty sometimes in even obtaining the leave of the crown to sink a shaft upon the property of the individual who is anxious to undertake the speculation, and to pay the rent usually demanded, a certain portion of the gross product. The Comte Alexander de B—— has been vainly seeking this permission for a lead-mine on his estate in Brittany for upwards of ten years.” — *Quarterly Review*, vol. xxxi. p. 408.

“The old and the new plantations (of pine-trees) are under the superintendence of the two directions for water and forests, and for bridges and

To this unceasing waste of labor it is due that agriculture has made, as yet, so little progress.* The real powers of the soil remain undeveloped, and therefore it is, that the French people are so much distinguished by dread of over-population, and by anxiety for outlets for the products of their manufacturing establishments.

Centralization impedes commerce at home, and for want of that commerce the rich lands of France remain as yet undrained and uncultivated. "There is," says a recent traveller, "at this hour a pressing need of all the surplus labor of France, for the next forty years, to be absorbed in the proper drainage of her soil alone. For want of this, whole districts are submerged, or turned to marsh, for three or four months between November and April, obstructing labor, loading the air with unwholesome humidity, and subjecting the peasantry to fevers and other diseases. Thorough draining alone would immensely increase the annual product, the wealth, and ultimately, by promoting health and diffusing plenty, even the population of France.

"So, too, with regard to ploughing. It is not quite so bad here

highways; and they are so managed that neither one nor the other can sell, even to a ready-money purchaser. Those parts of some young forests which require it are not even thinned. The impossibility of purchasing wood, from Sanlac to Verdon, (a country destitute of it,) makes theft and depredation almost a lamentable necessity."—BOWRING: *Second Report*, p. 133.

The *octroi* payable on the introduction of wine into Paris is nearly equal to the cost of the wine itself.

* "With us (in France) the average production is thirteen and a half bushels of wheat and eleven of rye per acre, deducting seed. Adding to this maize and buckwheat, and dividing the whole by the number of hectares sown, the average result for each acre is rather more than seven bushels of wheat, about three bushels of rye, and a little more than one bushel of maize or buckwheat—making a total of about twelve bushels per acre. In England the production is twenty-eight bushels of wheat—say more than double in quantity, and in money value three times as much. This superiority is certainly not to be attributed—as in the case of the natural and artificial meadows and roots, and, to a certain extent, also with oats and barley—to the soil and climate, but to superior cultivation, which shows itself chiefly in limiting the wheat-crop to the extent of land rendered fit for its production.

"Scotland and Ireland are included in the above estimate; but taking England by itself, the results are much more striking. That small country, which is no larger than a fourth of France, alone produces thirteen million quarters of wheat, six of barley, and twelve of oats. If France produced in the same ratio, her yield, deducting seed, would be fifty million quarters of wheat, and seventy of barley, oats, and other grain—equal to at least double her present production; and we ought to obtain more, considering the nature of our soil and climate, both much more favorable to cereals than the soil and climate of England."—LAVERGNE: *Economie Rurale de l'Angleterre*.

as in Spain, where a friend this season saw peasants ploughing with an implement composed of two clumsy sticks of wood, one of which (the horizontal) worked its way through the earth after the manner of a hog's snout, while the other, inserted in the former at a convenient angle, served as a handle, being guided by the ploughman's left hand, while he managed the team with his right. With this relic of the good old days, the peasant may have annoyed and irritated a rood of ground per day, to the depth of three inches; and, as care is taken not to afflict in this fashion any field that cannot be irrigated, he may possibly, by the conjunction of good luck with laborious culture, obtain half a crop."

"France," as he continues, "has naturally a magnificent soil. I prefer it, all things considered, to that of our own Western States. We have much land that is richer at the outset, but very little that will hold its own, in defiance of maltreatment, so well as this. Lime abounds here in every form — the railroads are often cut through hills of loose chalk — and very much of the subsoil in this vicinity appears to be a rotten limestone or gypsum, but is said to be a marine deposit — proved such by the infinity of shells therein imbedded. There is not a particle of stone in the surface soil: the rotten gypsum is, for the most part, easily traversed by the plough, though at a depth of ten to twenty feet the same original formation may be found hard enough to quarry into building stone. To reinforce such a soil after the exhaustion produced by a hundred grain-crops in succession, it is only requisite to run the plough two inches deeper than it has hitherto gone — a process urgently desirable on other grounds than this. I never before observed land so thoroughly fortified against the destructive tendencies of human ignorance, indolence, and folly. Then, the summer of France, as compared with ours, is cool and humid, exposing grain-crops to fewer dangers of smut, rust, &c., and breeding far fewer insects than does ours. I have seldom seen finer wheat than grows profusely around Paris; and I think this region ought to average more bushels to the acre in the course of a century than any part of the United States."*

§ 12. Adam Smith teaches his readers that the value of intercourse between man and man, is dependent upon the frequency

* GREELEY: *Europe Revisited*.

of the exchanges — and that a capital of a thousand pounds, when “the returns are made twice or thrice in a year, can keep in constant employment a quantity of productive labor” equal to what could be kept employed by two or three thousand pounds when the returns are made only once a year. Believing in the advantages of commerce, he desired to teach his countrymen that “the inland or home trade” was “the most important of all,” and the one “in which an equal capital afforded the greatest revenue, and created the greatest employment to the people of the country ;” and that such must necessarily be the case will be clear to those who reflect, that every exchange of service for service, or of product for product, creates a double demand for human effort — that the nearer the parties to the exchange, the smaller is the proportion absorbed by the parties engaged in the works of trade, transportation, or conversion*—that the smaller that proportion, the more rapid must be the accumulation of wealth, the greater must be the power to command the services of nature, and the more instantly must the demand for human service follow the production of the ability to render it.—All power to furnish either mental or bodily effort is as much the result of a consumption of capital by the engine composed of flesh and blood, as is the power of traction by the iron one a result of the consumption of fuel ; and the waste of capital by the engineer who allows his steam to escape without having first done its work, is precisely similar to that of the society which permits its people to remain unemployed. That such was the case, was obvious to both Colbert and Turgot, and therefore it was, that all their measures were directed towards the promotion of commerce, and the removal of the obstacles standing in the way of direct intercourse between the producer and the consumer—chief among which were those resulting from the necessity for dependence on the trader, whether abroad or at home.

To the system they established, in direct accordance with the ideas of Dr. Smith, it is due that France has prospered, and that

* “*Le Progres*, journal of *la Haute Marne*, inquires why it is, that bread and meat increase in price, while manufactured goods are twice or thrice less than they were a century since.”—*Journal des Economistes*, May, 1854, p. 161.

Approximation in the prices of raw materials and manufactured goods is a necessary consequence of diminution in the proportion of the trader, transporter, and converter, and furnishes, as has before been said, the most conclusive of all the evidences of advancing civilization.

her people have been enabled steadily to enlarge their consumption of foreign and domestic products, notwithstanding her almost unceasing waste of labor in war ; notwithstanding the unceasing drain upon the mental powers of the country, resulting from converting annually so large a portion of her youth into mere machines ; and notwithstanding a taxation of the most oppressive character. Modern political economy would teach us, however, directly the reverse of this — adding to the waste of war the further waste that, as it assures us, is consequent upon protection ; and yet France prospers, notwithstanding her terrific centralization and almost unceasing wars, while Ireland perishes in a time of profound peace ; and Denmark prospers, while Portugal and India are passing out of life. Of facts like these, the modern system offers no explanation ; and the reason why it does not, and cannot, do it, is, that it takes no account of man except as an animal that will procreate and must be fed — as a being of necessity, and not of power. With it, commerce and trade are exchangeable ideas ; and yet, as we have seen, the latter is but the instrument used by the former, whose growth is in the direct ratio of the diminution of its dependence on the machinery it is, in the early ages of society, so much required to use. The power of man grows with the growth of commerce, and it declines with the necessity for trade. With every step in the former direction, he is enabled to cultivate richer soils, and more and more to develop the treasures of the earth ; but, with every movement in the opposite one, he finds himself more and more forced to abandon the rich soils heretofore cultivated, and betake himself to poorer ones — leaving for future generations the vast treasures of coal and ore, marl or lime, that nature had placed beneath his feet. The policy of Colbert looked towards commerce, and therefore is it that it has stood unharmed amid the crash of revolutions.

CHAPTER XXII.

THE SAME SUBJECT CONTINUED.

§ 1. Two systems are before the world — one, whose objects are to be promoted by increasing the competition for *the sale* of all the raw materials of manufacture, labor included ; and another, which looks to increasing the competition for *their purchase*.

The first tends towards maintaining, and even augmenting, the necessity for machinery for transportation—and thus to increasing the influence of trade. The second would promote the growth of the associative power, and thus diminish the necessity for such machinery—while enlarging the field of commerce.

The first looks to widening the space by which the producer and the consumer are separated ; while the second looks to its contraction.

The one would increase the difference between the prices of raw materials and finished commodities ; while the other would secure their more close approximation.

The one looks to adding to the value of commodities, and thus diminishing that of man ; the other, to diminishing the value of things, and increasing that of the men who need to use them.

The one looks to increasing the proportion of mental and physical power given to trade and transportation, and thus diminishing that which might be applied to production ; the other, to an increase in the proportion given to production, and a diminution in that applied to effecting changes in the places of the things produced.

The one was reprobated by Adam Smith ; whereas the other is in full accordance with his doctrines, as well as with those of Colbert, the most distinguished of all the sons of France.

Leader in the advocacy of the first has been, and is, Great Britain. Leader in the establishment of the second, and most consistent in its maintenance, is France ; and thus after so many

many ages of almost ceaseless effort to do each other injury by means of warlike operations, are these two nations now engaged in a peaceful contest for the leadership of the world ; but, peaceful as it is, it is destined to exercise an amount of influence compared with which that resulting from the movements of fleets and armies in the past, will prove to have been entirely insignificant.

For centuries, both have been almost unceasingly engaged in war, but widely different have been the objects desired to be obtained — France having sought for glory and dominion, while England has looked with a single eye to the establishment of the supremacy of trade. Equally different have been their respective policies — France having imitated Rome, who, universal plunderer as she was, left the local arrangements of her provinces untouched ; while Great Britain has imitated Holland, in seeking to monopolize the machinery of trade and transportation, and thereby compelling strangers to make their exchanges in her single market. The policy of the one has been that of the soldier ; that of the other has had for its foundation the single idea of “buying in the cheapest and selling in the dearest market.”

France permitted her colonists to refine their own sugar and to make their own cloth. England, on the contrary — desiring that the “mischievous practice” might be prevented—inserted in her grants of land, clauses “declaring the same to be void,” should the grantee “apply himself to the making of woollen, or such like, manufactures.” * Looking towards the enlargement of commerce, France, under the lead of Turgot, abolished the monopolies of earlier times ; while, at the same moment, the Parliament of England — looking always towards trade — was adding, year after year, to the restrictions upon the movements of her artisans, and seeking thus to create a monopoly to be held against the world. Such having been, and such being still, the tendencies of their respective policies, an examination of the results that thus far have been obtained, may perhaps enable the reader to determine which will ultimately be conqueror in the strife. Before entering upon it, however, it is proper to call the reader’s attention to the fact that the question is one of progress, and not of actual condition. In both, there is a large amount of poverty and wretched-

* *Report of the Board of Trade respecting the Plantations.—New York Colonial Documents*, vol. v. p. 87.

ness. In both, centralization is great. What, however, we now need to know is, whether they are advancing or declining, and at what rate. If either one is shown to be steadily gaining upon the other, then may we feel assured that — however backward it may in any respect appear — to it must ultimately be adjudged the crown of victory.

§ 2. The essential characteristic of civilization is, as the reader has already seen, to be found in the approximation of the prices of raw materials and the finished commodities into which they are converted — the former rising in price, and the latter as regularly declining; with correspondent diminution in the proportion of the products of labor assigned to those who live by standing between the producers on one hand, and the consumers on the other.

With every stage of progress in this direction, the land — the source from which we derive the corn, the cotton, and the sugar — becomes more and more freed from the tax of transportation, and tends to acquire a higher money value; and the greater that tendency, the more rapid is human progress.

In the days of Solon, the land of Attica was highly valued, as was that of the Campagna in those of early Rome; but with the growth of centralization the land lost its value, and its cultivators became enslaved. In the days of Yarranton, as has been seen, the raw materials of England were cheap, and finished commodities were dear; and land was low in price. In time — the market for its products being made at home — it was relieved from the tax of transportation, and then it rapidly rose in price. Precisely, too, as that tax diminished, the different utilities of the various soils became developed, with constant tendency towards *equality* of value — the least esteemed in early times being those which have most advanced, and those, too, which now maintain the first position. So has it everywhere been — the more rapid the advance in the price of land, the greater having been the tendency towards equality in its value — towards increase in the productiveness of labor — and towards the establishment of freedom and equality among men.

Looking now to France, we see, in the great increase in the money value of land, and in the tendency towards equality, the

most conclusive proof that could be offered of advancing civilization. Forty years since, the total product of agricultural labor was but 3,333,000 of francs, of which, according to M. de Jonnès, the portion to be set apart, as representing the value of the land, was 45 per cent. — the amount being 1,500,000,000. In the period ending in 1840, the average product was 5,025,000,000, of which the land was entitled to claim about 2,000,000,000, or 40 per cent. In 1840, itself, the product appears to have been little short of 6,000,000,000; and it is now, as we have seen, stated at 8,000,000,000, of which the land may claim a third, or 2,667,000,000. Estimating these various quantities at twenty-five years' purchase, we obtain the following as the money value of the soil of France :—

1818	87,500,000,000 francs.
1840	50,000,000,000 “
1856	66,667,000,000 “

In less than half a century, the price, as we see, has almost doubled.

The tendency to equality is shown in the facts already given, of the advance of rents of inferior lands from 8 to 40 francs per hectare, while the superior ones had only risen from 58 to 80 — the lower qualities having quintupled, while the average of all had scarcely doubled.

Crossing the Channel, we meet a picture greatly different. Forty years since, the annual value of the land of the United Kingdom, exclusive of metals, mines, fisheries, &c., was as follows :—

England and Wales	£34,330,462
Scotland.	8,804,221
Ireland	12,715,478
	<hr/> £49,850,161

Thirty years later, that of England had slightly increased, the assessment of 1843 having been £37,412,000; and at the same amount it was estimated by Mr. Caird in 1851.* That of Ireland, however, has so greatly fallen, that the total annual value of land but very little, if at all, exceeds that of 1815; whereas,

* *English Agriculture in 1850-51*, p. 521.

that of France, as we see, has, in the same time, so much increased as to be now nearly twice as great as it was then.

§ 3. The difference above described being a very remarkable one, we may with advantage inquire into the causes to which it has been due. In France, as has been seen, the average yield of wheat had increased, from 1813 to 1840, no less than 25 per cent.; and the total quantity of food obtained at the present moment is nearly double what it was only forty years since. Turning now to Mr. Caird, the highest authority in England, we find that the increase in the average product of wheat, in the long period of eighty years, has been only 15 per cent. — the amount being now twenty-six and a half bushels to the acre, against twenty-three in 1770.* As regards the total produce, we learn from the same authority, that, “notwithstanding all our progress in agriculture, our command of manures, and our improved processes, the total produce of corn of all kinds” — wheat, barley, rye, oats, beans, and pease — “in England is, according to the estimates of the most eminent writers, less now by two millions of quarters than it was stated to be, in 1770, by Arthur Young.” Mr. Caird is of opinion that the latter “greatly overrated the produce of his time; but, on the other hand,” as he says, “there is no certainty that we are right ourselves.”† It is sufficient, however, that there exists a doubt in reference to the superiority of the one or the other period.

In Scotland, in the days of Adam Smith, about one-fifth of the land had been entailed. Ten years since, the proportion had risen to one-half, and the process was being carried out with great activity; while everywhere its effects were becoming visible in neglected properties and inferior cultivation.

Looking next to Ireland, we find the diminution in the production of 1849, as compared with what it had been only five years previously, to have been no less than 9,304,607 quarters, or more than 80,000,000 of bushels—producing a necessity for an import, in that and the following year, of more than a million of quarters, or nearly ten millions of bushels; whereas, but a few years earlier, the annual export had reached two and a half millions of quarters. Under such circumstances as these, the failure to ad-

* *English Agriculture in 1850-51*, p. 475.

† *Ibid.* p. 528.

vance that is so conspicuous in reference to the value of the land of the United Kingdom, becomes somewhat comprehensible.

§ 4. The total quantity of food of various kinds has certainly, and largely, increased in the period referred to by Mr. Caird ; but, on the other hand, prices have greatly fallen ; as will be seen by the following table of the averages of wheat, per quarter, in the first half of the present century :—

1800 to 1809	£4	2s.	2d.	1830 to 1839	£2	16s.	5d.
1810 to 1819	4	8	8	1840 to 1849	2	15	11*
1820 to 1829	2	18	5				

How widely different from this has been the course of things in France, will be seen by the following table of the average prices, per hectolitre, for nearly the same period :—

1805 to 1814	21.09 francs.	1831 to 1840	19.03 francs.
1815 to 1830	20.62 “	1841 to 1849	21.60 “

In the one, we have a production that *does not* keep pace with the growth of population, and yet the prices have greatly fallen ; whereas, in the other, we have a production that not only *does* keep pace with the growth of numbers, but goes greatly in advance of it ; and yet, there, the price in the closing period is considerably higher than in those which had preceded it. To understand the cause of the fall of English prices, it is required that we turn again to some of the facts before referred to.

With the decline of Irish manufactures, the home demand for food and labor diminished with great rapidity — producing a necessity for exporting them to the English market, with great deterioration in the price of both. The more Irish food received in England, the less was the demand for English labor ; and the more the Irish labor that came, the less were the wages of the English laborer—the less was the demand for the products of the farm—and the less the ability of the farmer to make improvements requiring the services of the laborer. The prices of raw materials and of finished products were *receding* from each other, with constant increase in the difficulty of obtaining food and clothing, and as constant increase in the demands for contributions to the support, as paupers, of those who could no longer sell their labor.

* PORTER: *Progress of the Nation*, p. 148.

The cause of this state of things was to be found in the stoppage of circulation throughout Ireland—itself a necessary consequence of the system that looks to cheapening the raw materials required by manufacturers, and thus promoting trade at the expense of commerce.

§ 5. In France, as we see, the power of corn to purchase the precious metals has been maintained, while the quantity produced has largely increased — enabling the land-owner to profit by all the improvements he has made. There, too — the land being much divided — the owner and the occupant were generally one and the same person ; and thus the increase in the price of land, and of its produce, enured to the advantage of its cultivator, who was thus enabled at once to improve his methods and to augment his demands upon his neighbors, for the products of their exertions.*

In England, all has been different. Lands were almost universally held under leases requiring large money payments — failing to make which, the tenant was liable to be expelled, leaving to the proprietor all the advantage of the expenditure he might have made. The heavy fall of prices rendered it impossible that he should pay such rents, and the consequences are seen in the following facts furnished by Mr. Caird, which are but an index to the agricultural history of the whole kingdom :—

“Seven of these first-class farms, all contiguous, and the very pick of the county, tell the following tale : The first, after having

* “A recent but anonymous writer, whose prepossessions were in favor of the large-farm system, thus bears testimony to the effect of the cottar system in France :—

“‘As the valley of the Seine is reached before the town of Rouen is seen, and as the high lands on both sides of this valley are cultivated up to near the summits, the small patches occupied by the respective crops give a very curious appearance to the country. The division of land is carried to nearly its utmost limit, especially near to towns and villages, and exhibits a desire to cultivate the soil which can scarcely be understood in England, where other objects of pursuit for the enterprising are more open than in France. Still, it is due to state that, where the peasantry are to be seen in the fields, whether tending their single cow or laboring the soil, they wear an air of contentment and unwearied industry arguing well for the individual happiness of the population. Fences in such districts are all but unknown. The divisions are marked by stones partly visible. These are inserted by the authorities, and while pains and penalties await the disturber of such landmarks, public opinion—a still stronger check—brands the man who dares to violate these outlines of property.”—*Quoted in Blackwood's Magazine*, December, 1855.

been held seven years, was given up, offered to the public by advertisement, and then relet at a reduction of about 20 per cent. The second, the tenant having become bankrupt, has been let to a new tenant at a reduction of rent. The third was given up by the tenant, and has been relet to another at a reduction of about 22 per cent. The fourth, the tenant having failed, was let to a new tenant at a reduction of 13 per cent. The fifth, the tenant having also failed, has been relet to a new man. The sixth has been relet at a reduction of 20 per cent. The seventh has been given up, and is now offered at a reduction of 20 per cent. These are melancholy facts, and show beyond all question the disastrous results to which competition, unduly encouraged by the landlord, must inevitably lead. Tenants were invited to add farm to farm, with the idea that a man holding one farm, on which he lived, could afford a higher rent for another on which the expense of housekeeping was saved. Men were thus induced to extend their holdings far beyond their capital; but so long as the landlord saw his rents increasing, he found no fault with the system, and perhaps gave himself no trouble to inquire into its probable results. The bubble has burst at last, and he pays dearly for his neglect, in having his farms thrown upon his hands during a period of unprecedented depreciation. But the loss falls still more irretrievably on the unfortunate tenant, who, being compelled to vacate during a period of transition, sacrifices from 30 to 40 per cent. of his capital, by being forced to realize at any price. The rents of several of the farms now referred to vary between £1400 and £2200 a year. One farmer paid for his various farms £7700 a year, £6000 of which was to one proprietor.*

The small proprietors had disappeared, and their places had been taken by the tenant on one hand, and the hired laborer on the other. The tenants, in their turn, were being ruined; and thus did the system tend to the annihilation of all those classes of society which used to stand between the great land-owner and the mere farm-laborer.† The more this state of things was produced,

* *English Agriculture in 1850-51*, p. 387.

† "Instead of several millions of our people having a share or direct interest in the soil of their country — as would have been the case had small properties and the cottage system continued until now — the number of proprietors is dwindling down to a handful, and the tenants, owing to the enlargement of farms, are undergoing a corresponding diminution." — *Blackwood's Magazine*, December, 1855.

the greater became the power of the already rich to "go on, adding field to field, and estate to estate—leaving the fertility of thousands of acres only half developed, for the sake of adding neglected acres to those already neglected." *

The whole system rests upon the idea, that the prosperity of man is to be promoted by the cheapening of the raw products of the earth; and yet the experience of the world, past and present, teaches, that wherever they are cheapest the cultivator is most a slave; while land has little value, and its owners go on "adding field to field," with constant diminution in the quantity of food produced.†

§ 6. As a general rule, France feeds herself. In thirty-three years it occurred once—in 1847—that her imports of food were adequate to the supply of 2,700,000 persons. Twice—in 1832 and 1846—she imported half that quantity. Six times, her imports have sufficed for the feeding of from three to four hundred thousand persons; but in nineteen of the thirty-three years her imports have been insignificant.‡

The annual average of her exports, in the ten years ending 1836, but little exceeded 500,000,000 of francs.§ In 1852, the amount was 1,250,000,000—being an augmentation of 150 per cent.; while the average of the previous five years, including those disastrous ones of 1848 and '49, exceeded 1,000,000,000;|| and yet, large as was the increase, nearly the whole amount of labor thus exported directly represented food produced on the soil of France. How small is the quantity of foreign raw material that goes to the production of the goods exported, is shown by the fact that while the value of cotton fabrics exported in 1854

* *Blackwood's Magazine*, December, 1855.

† "If the abolition of the old system of customary occupation paved the way for the Highland 'clearances,' the enclosure of the commons has not been without a similar, though lesser, effect upon the rural population of England. 'Both measures,' says Hugh Miller, 'had essentially the same result in one respect—essentially a different result in another. They both left a country population composed of a very small number of great landed proprietors, surrounded by a dependent and almost subject tenantry, outside of which remained the mass of those who live by labor alone—who have been cast loose from all interest in the soil—and who are regarded as machines for the execution of work.'"—*Ibid*.

‡ JONNÈS: *Statistique de la France*, p. 126

§ MCGREGOR: *Commercial Statistics*, vol. i. p. 469.

|| *Annuaire de l'Economie Politique*, for 1854, p. 57.

was 60,000,000 of francs, the weight was only 7,300,000 kilogrammes, or 16,000,000 of pounds—giving an average of seventy-five cents, for the raw cotton that had passed into the hands of the manufacturer at an average price of probably ten cents. The total weight of textile manufactures exported in that year, was under 16,000,000 of kilogrammes, or 16,000 tons — a quantity that could be carried in thirty or forty ships of very moderate size; and yet, in that small bulk was contained probably not less than sixty millions of dollars' worth of French food, so condensed, in accordance with the ideas of Adam Smith, as to enable it freely to travel to the remotest corners of the world.

The tendency of the policy of France is that of making manufactures subsidiary to agriculture — combining a small amount of foreign raw materials with a large quantity of domestic ones, and thus enabling her farmers readily to maintain commerce with distant countries. Scarcely any thing passes out until it has attained a form so high as to cause the skill and taste, which represent her own food, to bear a very large proportion to the value of the raw material that is used. Her exports of raw produce are insignificant in amount; and even of wine, the amount exported but little exceeds that of the years immediately preceding the Revolution—the average from 1844 to 1846 having been only 1,401,800 hectolitres, against 1,247,700 from 1787 to 1789.*

The total value of French produce and manufactures exported in 1854 was 1,400,000,000 francs, or \$280,000,000; and of this large sum the foreign raw materials could scarcely much have exceeded, even if they equalled, a fifth—leaving above 1,100,000,000 of francs as the actual value of food and other domestic products furnished to the world, after having been reduced in bulk so as to economize to the utmost extent the cost of transportation. Land and labor rise in value, precisely as they are emancipated from that first and most oppressive of taxes; and therefore it is that we witness so large an increase in the price of those of France.

§ 7. Turning now to England, in 1815, we find a state of affairs not very widely different; as here is shown:—

The declared value of the exports, in that year, of British produce and manufactures, was as follows:

* JONNES: *Statistique*, p. 199.

Of woollen manufactures.....	£9,881,426
“ cotton “	20,620,000
“ silk “	622,118
“ linen “	1,777,568
And of other commodities.....	19,281,684
Total.....	<u>£51,682,791</u>

In the same year there were imported of—

Wool.....	13,634,000 lbs.	Grain.....	267,000 quarters.
Cotton.....	99,306,000 “	Flour.....	202,000 cwts.
Silk.....	1,807,000 “	Butter.....	125,000 “
Flax.....	41,000,000 “	Cheese.....	106,000 “

If to the raw cotton, wool, silk, and flax that were re-exported in a manufactured state, and to the dyeing materials and other articles required for their manufacture, we now add the foreign food, we obtain, of foreign commodities re-exported, twelve, or perhaps thirteen, millions — leaving little less than forty millions as the actual value of British produce exported in that year; and this divided among the people of the United Kingdom would give nearly £2 per head.

The producer of food was here profiting by the export trade. If the cotton and the silk that went abroad were foreign, the corn embodied in the cloth was of domestic origin, and travelled cheaply to foreign countries because of the condensation that had been performed in the mill, or factory. So, too, with the sheep-farmer, who saw his wool combined with corn — both being thus enabled readily to go abroad.

Coming now to a more recent period, we find the exports of 1851 to have been as follows:—

Manufactures of wool.....	£10,314,000
“ cotton	30,078,000
“ silk	1,829,000
“ flax	5,048,000
All other commodities.....	21,728,569
Total	<u>£68,492,569</u>

Nearly the whole increase that had taken place in the long period of thirty-six years was thus to be found in four branches of manufacture, the materials of which were wholly drawn from

abroad, as is shown in the following statement of imports for that year :—

Wool.....	83,000,000 lbs.	Flour.....	5,384,552 cwts.
Cotton.....	700,000,000 "	Potatoes.....	685,000 "
Silk.....	5,020,000 "	Provisions	450,000 "
Flax.....	135,000,000 "	Butter.....	354,000 "
Eggs.....	115,000,000 No.	Cheese.....	338,000 "
Oxen, cows, calves,		Hams and lard...	130,000 "
sheep, hogs, &c.	300,000 "	Rice.....	450,000 "
Corn.....	8,147,675 qrs.	Spirits.....	2,000,000 galls.

Before proceeding to examine the figures above presented, it may be necessary to call the reader's attention to the idea that *those who furnish the food, clothing, and lodging, do, in fact, furnish the labor.* A locomotive engine is merely the instrument by means of which the force *yielded by the consumption of fuel* is made to serve the purposes of man. So is it with men. Their daily power to labor results from their daily consumption of food; and therefore is it, that those who supply the food and clothing are really the parties who supply the power that is used. That understood, we may now inquire how many of the people of England are fed by the agricultural nations of the world, preparatory to an inquiry into the number there employed in doing their work.

Divided among four millions of persons, the articles of food included in the above would give to each about

1100 pounds of corn,	18 pounds of potatoes,
150 " flour,	20 " butter and cheese,
12 " fresh meat,	12 " rice,
16 " salted "	28 eggs, and half a gallon of spirits.

This being much more than the average consumption of the men, women, and children employed in the workshops of Great Britain, it may fairly be assumed that the world furnishes four millions of laborers with food and clothing; and with shelter, too, as the chief part of the timber there consumed is drawn from abroad.*

* "The population employed in the cotton factories rises at five o'clock in the morning, works in the mills from six till eight o'clock, and returns home for half an hour or forty minutes to breakfast. This meal generally consists of tea or coffee, with a little bread. Oatmeal porridge is sometimes, but of late rarely, used, and chiefly by the men; but the stimulus of tea is preferred, and especially by the women. The tea is almost always of a bad, and sometimes of a deleterious, quality; the infusion is weak, and little or no milk is added. The operatives return to the mills and workshops until

To the stock of food above given, we have now to add the total quantity of coffee and tea, of cocoa and sugar, of lemons and oranges, of figs and raisins, of spices and tobacco, consumed by the whole eight-and-twenty-millions of the population of the United Kingdom.

Of raw materials, foreign nations supply all the cotton and silk, all the oil, all the saltpetre, and all the dyestuffs; of hides, wool, flax, hemp, and various other articles, they not only furnish all that is re-exported in the shape of manufactures, but as much more as is adequate to meet the demands of a large portion, if not even of the whole, of the four millions above referred to—who may, therefore, be considered as being fed, clothed, lodged, and supplied to the English people by the other communities of the world.

§ 8. The whole number of persons, old and young, male and female, employed, in 1841, in the—

Cotton, hose, lace, wool, worsted, silk, flax, and linen manufactures of Great Britain, was	800,246
In the mines	193,825
In the working of metals, as smelters, founders, blacksmiths, nail-makers, brass-founders, cutlers, pin and needle makers, file and lock makers—thus embracing all the persons connected with the conversion of ores into metals, and metals into instruments, whether for the use of the farmer or the manufacturer, the builder of houses or the maker of cloth—was	303,868
Making a grand total of.....	1,297,489*

twelve o'clock, when an hour is allowed for dinner. Among those who obtain the lower rate of wages this meal generally consists of boiled potatoes. The mess of potatoes is put into one large dish, melted lard and butter are poured upon them, and a few pieces of fried bacon are sometimes mingled with them, and but seldom a little meat. Those who obtain better wages, or families whose aggregate income is larger, add a greater proportion of animal food to this meal, at least three times in the week, but the quantity consumed by the laboring population is not great. The family sits round the table, and each rapidly appropriates his portion on a plate, or they all plunge their spoons into the dish, and with an animal eagerness satisfy the cravings of their appetite. At the expiration of the hour, they are all again employed in the workshops or mills, where they continue until seven o'clock, or a later hour, when they generally again indulge in the use of tea, often mingled with spirits, accompanied by a little bread. Oatmeal or potatoes are, however, taken by some a second time, in the evening." — *Dr. James Phillips Key*.

* PORTER: *Progress of the Nation*, pp. 75–81

The number so employed in 1851 must have been greater, and may perhaps be properly estimated at 1,500,000. If so, it follows, that the people of the world feed, clothe, and shelter, and thus furnish the labor of, nearly three times as many persons as are, in England, employed in mining her coal and her iron; in smelting her ores, and making her pig, bar, and railroad iron; in constructing her machinery of every description; and in converting iron, copper, brass, cotton, wool, silk, hemp, and flax into the commodities required for consumption; that thus, in addition to furnishing nearly all the raw materials, they supply all the labor; and, that further, they supply food, cloth, and lodging, for two and a half millions of persons who may be otherwise employed.

Of the million and a half, there is, however, but a small proportion that is employed in working for the foreigners who supply this food and these raw materials. Of the commodities exported, nearly all are of the coarser kinds, requiring very little of either skill or taste for their preparation. Thus, for instance, out of an export of £87,000,000 sterling in 1854, nearly £15,000,000 consisted of metals in almost their rudest state — having given occasion to the exertion of little more than mere brute force. Coals constitute £1,500,000; while mere yarns amount to £10,000,000. Cotton cloths, averaging only 3½d., or 7 cents, per yard, amount to nearly £24,000,000. Linens, averaging 8d. a yard, make more than £4,000,000; while earthenware, alkali, beer and ale, butter, candles, cordage, fish, salt, and wool, contribute £5,000,000 towards the mass. The difference between the pictures presented by the French and English exports is most remarkable—the former exhibiting scarcely any thing that has not been elaborated to almost its highest extent; the other proving that of all the vast quantity of commodities received from the world, those that are returned have undergone that lowest amount of preparation required for their reception among an inferior population. With the exception of machinery and millwork to an amount less than £2,000,000, and hardware and cutlery to about double that sum, there is scarcely any thing in the list of English exports requiring either taste or skill. Seeing that such is the fact, it may well be doubted if more than one-fifth of the labor given to manufactures — or that of three hundred thousand hands — is applied to the production of the things exported; but, to

avoid the possibility of error, we may assume it to be even as high as one-third = five hundred thousand persons — being one for every eight whose labor is, as has above been shown, furnished by the agricultural nations which find themselves compelled to look to Britain for a market.

The account between that country and the world at large would now appear to stand as follows :—

Dr.	Cr.
To the labor of four millions of persons employed in Great Britain, and fed, clothed, and lodged by other nations.	By the labor of half a million of persons—men, women, and children—employed in the lowest order of the labors of conversion.
To the sugar, tea, coffee, tobacco, fruit, and other commodities, required for the consumption of twenty-eight millions of persons.	
To the cotton, flax, silk, hemp, lumber, and other raw materials, required for domestic consumption, and for exportation.	By a small portion of the raw materials supplied.

§ 9. The change above exhibited in the movement of these two great communities, is the most remarkable that is on record, to have been accomplished in so brief a period of time. But forty years since, Great Britain maintained a great commerce *with* the world — giving corn, wool, and other of her productions, in the form of cloth and iron, in exchange for cotton, tea, coffee, sugar, rice, and fruit. Now, that commerce has wholly disappeared — having given place to a trade carried on *for* the world, in which she takes in corn, wool, sugar, coffee, and cotton, and turns them out again in the forms of yarn, cloth, and iron. Directly the reverse of all this, is what we find in the movement of France. But forty years since, the whole commerce of that country with foreign nations amounted to only 500,000,000 of francs = \$100,000,000. Now, it amounts, as we see, to 1,400,000,000 = \$280,000,000 ; and it still maintains its original character — France being dependent upon foreign raw materials to little more extent than is required for enabling her farmers so to compress their bulky food as to enable it cheaply to go abroad.

Forty years since, Great Britain fed herself, and had nearly

two hundred millions of dollars' worth of *things*, produced from her own soil, to give to the world in exchange for the commodities required for the consumption of her population. Now, she has four millions of people whom she cannot feed; and she has, in point of fact, *nothing* of her own to give to other nations in exchange for the enormous quantity of foreign products consumed at home. She has become a mere trader in the productions of other lands—changing their form by aid of the labor furnished the people of those lands, and living entirely on the taxation thus imposed upon the world. How this is accomplished, will be shown on an examination of the movement in relation to cotton:—

For 80,000,000 of pounds exported from India to Great Britain, its cultivators receive, at the most, $1\frac{1}{2}$ cents per pound, or, in the whole.....	\$1,200,000
Admitting that out of this there were made only 360,000,000 yards of cloth, the cost of the same quantity of cotton returned to India, at the average price of the cotton goods exported from England—7 cents per yard—would be.....	25,200,000*
To which sum must be added, for the numerous charges attendant upon transportation to, and in, India, and upon the distribution to consumers, say.....	10,000,000
Making a total of.....	\$35,200,000

and leaving to be provided by India the sum of \$34,000,000—being the difference between the raw material and the commodity made from it; a sum sufficiently large to absorb the larger portion, if not the whole, of the sugar, opium, and indigo that she yet exports, for which, in point of fact, she receives nothing—and by the cultivation of which her soil is being rapidly exhausted. These \$34,000,000 are required for the payment of large salaries to British officials—dividends on India stock—freights, profits, and the thousand charges of the numerous people who stand between the poor Hindoo who cultivates the cotton-plant, and his neighbors who raise sugar or rice, and need to consume cloth.

* The actual consumption of British cottons in India was stated, some years since, at ninepence sterling per head, which would give \$18,000,000. A considerable portion of this was sent in the form of yarn, whereas, the above estimate is based upon the supposition that the whole was converted into cloth.

The results presented by an examination of the whole cotton trade, as the reader will now see, are precisely similar. Forty years since, the cotton imported into England amounted to 96,000,000 of pounds; and it commanded then $20\frac{1}{2}d.$ per pound — equal to £8,200,000.*

About thirty years later, the movement of the trade, according to the same authority, was as follows :—

Raw material, 500,000,000 pounds, at $5d.$ per pound.....	£10,000,000
Wages of 542,000 spinners, weavers, bleachers, &c., at £24 a year each.....	13,000,000
Wages of 80,000 engineers, machine-makers, smiths, masons, joiners, &c., at £50 a year each.....	4,000,000
Profits of the manufacturers, wages of superintendence, sums to purchase the materials of machinery, coals, &c.....	9,000,000
	<hr/> £36,000,000

We see, here, that while the raw material consumed was more than five times as great, the selling price in England was greater by little more than 20 per cent. When, however, we reflect that with every stage of this increase it had been necessary, because of the unceasing exhaustion of the land in cultivation, to resort to new and more distant lands, with constant increase in the cost of transportation; and when we deduct the domestic charge thus created, together with the freights, storages, brokerages, and other claims upon this immense quantity; we find that these 500,000,000 pounds could have yielded their producers not more than £5,000,000 — being less than had, thirty years before, been received by the producers of 96,000,000; and less, too, than was required to pay for the damage done to the land — leaving altogether out of view the cost of cultivation.†

* McCulloch: *Commercial Dictionary*; article, *Cotton*.

† “Few crops,” says a Southern journal, “are more exhausting to the soil than is the cotton crop. An immense amount of manure, usually consisting, for the most part, of decayed leaves, limbs, and forest mould, is required to keep the land of a cotton plantation in good condition. Another difficulty is, that cotton requires later cultivation than any other crop, leaving the planter but little time to enrich or improve his farm as he may desire. An Alabama planter says that cotton has destroyed more than earthquakes or volcanic eruptions. Witness the red hills of Georgia and South Carolina, which have produced cotton till the last dying gasp of the soil forbade any further attempt at cultivation; and the land, turned out to nature, reminds the traveller, as he views the dilapidated condition of the country, of the ruins of ancient Greece.”

The effects of this, as exhibited in South Carolina, are thus stated in a

The £5,000,000 thus paid for the use of so many millions of acres, became £36,000,000 before they left the factory ; and yet, as we have seen, the changes effected in them were such as required only the lowest species of skill. Thence, they passed out to Turkey and India, Ireland and Portugal, Jamaica and Spain, the United States and Canada ; and before they reached the consumers they had become not less than £60,000,000 ; about *one-twelfth* of which went to the cotton-grower, while the other eleven-twelfths were absorbed on the road between those who raised the wool and those who wore the cloth — giving support to thousands and tens of thousands of men employed in blocking the wheels of commerce. The consequences of this are seen in the fact that the planter — important as is his commodity — can nowhere obtain proper machinery of cultivation ; that his lands are everywhere being exhausted ; and that slavery becomes from year to year more and more the lot of the laborers of all cotton-producing countries. Such are the necessary results of the system that looks to cheapening the raw materials of manufacture, and to increasing the difference between their price and that of the finished commodities made from them.

Eleven-twelfths, or fifty-five millions of pounds, are divided among middlemen — and of this enormous sum three-fourths, probably, centre in the owners of English ships, mills, and other machinery of exchange and transportation. To pay this, it is required that the agricultural nations send to England enormous quantities of tea, coffee, sugar, indigo, and other commodities — while themselves wasting *daily* more labor than is employed,

recent address issued by the Agricultural Convention recently held in that State :—

“ Your committee would earnestly bring to the attention of this convention the mournful fact, that the interest heretofore taken by our citizens in agricultural improvement has become stationary ; that our old fields are enlarging ; our homesteads have been decreasing fearfully in numbers ; and our energetic sons are annually seeking the rich and fertile lands of the Southwest, upon which they imagine that treble the amount of profits can be made upon capital than upon our own soils. Nor is this all. We are not only losing some of our most energetic and useful citizens, to supply the bone and sinew of other States, but we are losing our *slave population*, which is the true wealth of the State. Our stocks of hogs, horses, mules, and cattle are diminishing in size and decreasing in number, and our purses are being strained for their last cent to supply their places from the Northwest-ern States.”

monthly, in all the mines and manufactories of the United Kingdom. Hence their inability to obtain improved machinery; and hence the necessity they are everywhere under, of confining their cultivation to the poorer soils.

§ 10. The direct effect of the reduction in the price of cotton has been, and is, that of forcing labor into the production of sugar, with similar effect—enabling the people of England to obtain three pounds for the price they before had paid for one, but ruining the people of Jamaica. The decline in the price of sugar forced labor into the production of coffee, and that, in its turn, fell in price—*there being a solidarity of interest—of prosperity, or of adversity—among all the agriculturists of the world.* The farmers of the United States and Germany were injured by the stoppage of manufactures in Ireland, because it had the effect of diminishing the Irish consumption of food, and forcing large quantities on the English market. The planters were injured by it, because it not only stopped the consumption of cotton among the Irish people themselves, but — by forcing large quantities of labor upon England—it lessened the power of the English laborer to consume either food or cotton. That all communities prosper by the prosperity of all others, and that all suffer from injury received by others, is a truth that will, at some day, come to be admitted; and when it shall be so, the farmers and planters of the world will be found combining together to compel the maintenance, in the conduct of public affairs, of a sound morality — looking to the advancement of the interests of commerce, and to their own emancipation from the tyranny of trade.

So, too, is it with the laborers of the world. Whatever tends to impair the condition of those of India is injurious to those of France and England; and therefore it is, that those nations would find it *profitable* to carry out in their international relations the same morality that is required between man and his fellow-man. The low prices of sugar and cotton, and consequent slavery of the producers of those commodities, are but consequences of the system that has so much tended towards the enslavement of the workers in iron and cotton—that one which has sought the anni-

bilation of the power of association and combination everywhere outside of Britain.*

The tendency of the movement of France is directly the reverse of that above described. Great as has become the quantity of her agricultural products, and rapid as has been their increase, a market for the whole is found at home; and the consequences of this are seen in the fact, that the prices of her wheat, her silk, and her wool have not only been maintained, but have advanced—thus enabling the farmer largely to increase his consumption of cotton and sugar, while relieving him from all necessity for pressing on the market of the world with his corn. The general effect upon the condition of the population employed in agriculture is found in the great fact, that while production so largely increases, the *proportion* retained by the laborer is rapidly augmenting; and while wages rise, land is daily acquiring a higher value, to the great advantage of its owners.†

* Half a century since, Mr. Southey, after describing the state of things in Birmingham and Manchester, resulting from the effort to underwork the world, told his countrymen that—"The poor must be kept poor, or such a state of things could not continue; there must be laws to regulate their wages, not by the value of their work, but by the pleasure of their masters; laws to prevent their removal from one place to another within the kingdom, and to prohibit their emigration out of it. They would not," he continues, "be crowded in hot task-houses by day, and herded together in damp cellars at night; they would not toil in unwholesome employments from sunrise till sunset whole days, and whole days and quarters, for with twelve hours' labor the avidity of trade is not satisfied; they would not sweat night and day, keeping up this *laus perennis* of the Devil, before furnaces which are never suffered to cool, and breathing in vapors which inevitably produce disease and death;—the poor would never do these things unless they were miserably poor, unless they were in that state of abject poverty which precludes instruction, and by destroying all hope for the future, reduces man, like the brutes, to seek for nothing beyond the gratification of present wants."—*Espriellas's Letters*, Letter xxxviii.

† "These figures being admitted, let us compare the nominal prices of corn with the price of labor. I admit that corn has increased in its nominal value—not even caring to examine if the wheat for which we pay 18 or 19 francs, is not of a quality infinitely superior to that for which our grandfathers paid 13 or 14 francs. I will even, to render the contrast more striking, take the lowest price offered by the last century¹—12·50 francs, and one of the highest of our epoch—20 francs.

"Taking then the corn at 12·50, at the commencement of the eighteenth century, wages at 87 centimes represent less than three litres of corn. In 1840, with corn at 20 francs, and wages at 1·40 francs, the latter represent seven litres, or more than double.

"In presence of these facts, further doubt or equivocation is impossible. Value is here subjected to its proper test—labor being placed by the side of its actual remuneration. A workman of the worst-paid class—a mere farm-laborer—engaged, as was his predecessor, in digging, harvesting, and thresh-

¹ This was about the average price of the long reign of Louis XV.

The essential difference between the two systems consists in this—that that of France looks to the approximation of the prices of raw materials and manufactured products—always a characteristic of civilization; whereas, that of Great Britain looks to widening the gulf by which the two are separated—always a characteristic of advancing barbarism.

§ 11. The more close the approximation of those prices, the greater is the tendency towards elevating the condition of the laborer in agriculture, and towards deepening and strengthening the foundations of society; and therefore it is, that we see in France a steady increase in the proportion of the physical and mental force of the community given to the work of adding to the quantity of commodities susceptible of being transported, converted, or consumed.

Exactly the reverse of these are the facts observed throughout Great Britain, the small proprietor, who cultivated his own land, having disappeared, and his place being now occupied by tenants at will—employing day laborers having no interest in the work they are required to perform, and no place but the alehouse, for the employment of the time they are not required to give in exchange for the pittance of wages they receive.* Cottages having everywhere been pulled down as palaces have been erected, the laborer is now required to devote a large portion of the force resulting from the consumption of food, to the work of effecting changes in his place—walking miles to and from the farm on which he is employed. Farming becomes steadily more and more a mere trade; and owners become from year to year more and more absentees, represented by agents who may, or may not, be disposed

ing, receives, to-day, twice or thrice as much corn as he could have had a hundred or a hundred and fifty years since. If that be not what may be called having the *means of subsistence* more abundant, *more easily* produced, and *more readily* obtained—less dear, in fact—then I know of nothing that is demonstrated, or capable of demonstration, in political economy.”—*DE FONTENAY: Du Revenu Foncier*, p. 100.

* “The rent-paying farmer, on a nineteen years’ lease, could not afford eighteen pence or two shillings a day of wages for doing such work, because it never could make him any adequate return. But to the owner of the soil it is worth doing such work by his own and his family’s labor at odd hours, because it is adding to the perpetual fertility and value of his own property.”

* * * “His piece of land to him is his savings’ bank, in which the value of his labor is hoarded up, to be repaid him at a future day, and secured to his family after him.”—*Blackwood’s Magazine*, December, 1855.

to use their powers to the promotion of their own advantage, at the cost of the landlord on one side and the tenant on the other. Great proprietors—embarrassed by mortgages and settlements—are forced to leave the work of improvement to the tenant, while refusing him the security of a lease.* Farm buildings are bad, contrasting most unfavorably with “the substantial and capacious farmeries of Belgium, Holland, the south of France, and the Rhenish provinces,”† in all of which land is held in small quantities, and to a great extent farmed by the man who—being its owner—has every inducement not only to keep it in order, but to increase to the utmost its powers of production. The landlords suffer by reason of the smallness of the rent they receive when compared with the wonderful advantages their land enjoys in having a market at hand for all its products; and one, too, into which is poured so large an amount of refuse resulting from the refinement and conversion of so great a portion of the raw materials of the world. The laborer suffers, from the fact that he is regarded only as an instrument in the hands of the trader, to be discarded, at any moment, as readily as if he were a worn-out hat, or glove. The wages by means of which he is to support his family vary from 6s. to 9s. (\$1.44 to \$2.16) per week—and of this it requires 2s. to pay the rent of his cottage, leaving him but about 20 cents per day with which to provide food, clothing, and furniture for his family, and education for his children.‡

* CAIRD: *English Agriculture*, p. 491.

† Ibid.

‡ Mr. Caird (ibid. p. 147) thus gives the allowance of a family:—

1 stone of flour.....	1s. 10d.
$\frac{1}{2}$ pound of butter.....	0 6
1 “ cheese.....	0 7 $\frac{1}{2}$
$1\frac{1}{2}$ ounces of tea.....	0 4 $\frac{1}{2}$
$\frac{1}{2}$ pound of sugar.....	0 2
	<hr/>
	8s. 6d.

leaving 2s. 6d. per week for the purchase of all other of the necessaries of life. Under such circumstances, the power to purchase clothing is, necessarily, very small indeed. The Assistant Commissioner charged, some years since, with the inquiry into the condition of women and children employed in agriculture, reported that a change of clothing seemed to be entirely out of the question. The upper parts of the under-clothes of women at work, even their stays, quickly, as he says, become wet with perspiration, while the lower parts cannot escape getting equally wet in nearly every kind of work in which they are employed, except in the driest weather. It not unfrequently happens, as he adds, that a woman, on returning from work, is

The cottage, for the use of which he gives one-fourth of all his labor, is shown, by all the reports on this subject that have been made to Parliament, to be generally in a dilapidated condition, and almost invariably so limited in its accommodation as to compel the married and the unmarried, the men, the women, and the children, in defiance of all decency, to sleep in the same little room, and often in the same bed.* Bad, however, as is the condition of the cottages, their number is steadily diminishing, and the laborer is as steadily being driven to seek refuge in the villages; as a specimen of the condition of many of which, Mr. Caird gives the following description of the view that presents itself to the eye of the traveller who visits the banks of the Tweed:—"The eye rests with delight on the rich and fertile vale through which the river winds in graceful sweeps, here shaded by groups of lofty trees, there gliding slowly past far-stretching holms which every returning harvest covers with golden corn. Beside us is the village itself, the very picture of slovenliness and neglect. Wretched houses piled here and there without order—filth of every kind scattered about or heaped up against the walls—horses, cows, and pigs lodged under the same roof with their owners, and entering by the same door—in many cases a pig-sty beneath the only window of the dwelling—300 people, 60 houses, 50 cows, besides hosts of pigs and poultry—such is the village of Wark, in Northumberland. We have been," he adds, "in some of the most wretched villages of Ireland, betraying poverty far greater than this, but nothing more abject in filth and uncleanness."†

Under such circumstances it is, that the agricultural portion of

obliged to go to bed for an hour or two, to allow her clothes to be dried. It is also by no means uncommon for her, if she does not do this, to put them on again the next morning nearly as wet as when she took them off.

The condition of the women and girls employed in the coal-mines was shown, by a report made to Parliament, to be even worse than this, many of them laboring, and in company with men, in a state of absolute nudity.

* "I despair," says a clergyman, "of giving you any faint idea of the manner in which these people are pigged together in their dwellings;" and yet, as he adds, this parish "closely adjoins the park of Milton Abbey, the beautiful seat of the Earl of Portarlington."—Quoted in Kay's *Social Condition of the People of England and the Continent*, and accompanied by numerous extracts from works of the highest authority—all tending to prove the lamentable condition in which the agricultural population of England is placed.

† *English Agriculture*, p. 390.

the population steadily declines;* with corresponding diminution in the power to pay for the produce of other countries — corresponding necessity for increased efforts to reduce the price of cotton, sugar, coffee, and wool — and corresponding growth in the tendency towards the enslavement of man, throughout the world.

Much of this would be equally true if said in regard to France, a large portion of whose population is, as the reader has already seen, very badly fed, clothed, and lodged. The question is, however, one of progress; and that the condition of the farming laborers of that country has improved much more rapidly than that of their fellow-laborers in England, is very certain; † and

* “Take the northern half of the kingdom first, and what do we find? *One-half of the parishes, and two-thirds of the area, of Scotland, are decreasing in population!* The fact, which we may well call astounding, is established by the last census returns, and is acknowledged by all parties to be indisputable. Over two-thirds of its extent, Scotland has suffered a positive diminution in the number of its inhabitants—a diminution not merely relative, (that is to say, with reference to the increase of the population generally,) but absolute, the population in those parts falling short of the amount which it once reached. And what deserves to be noticed is, that the decrease is *UNIVERSAL throughout the rural districts*. The wastes of Sutherland, the bleak mountains of Argyll, are hardly (if at all) decreasing faster than the rich straths and carse of the Lowlands — than the green hills of the Borders, or the Arcadian region of the Ettrick and Yarrow. Bonnie Teviotdale, with its sunny haughs, and the sheltered valley-land of the bright-running Tweed, exhibit the same phenomena as do the bleaker valleys of the Nith and the Spey. ‘The Flowers o’ the Forest are a’ wede away!’ The lament for the loss of the bone and sinew of the country after the disastrous fight of Flodden, may be renewed now with still more justice and not less regret. War made the first clearance — Peace and false theories have done the last. War has swept away its thousands, but Peace its tens of thousands. The so-called ‘progress of society’ is sweeping our peasantry from the fields. The acres which their fathers rented or owned are now merged in the *latifundia* that are creeping over the country; and they themselves have either emigrated, or gone to swell the pauperism and sink into the physical degeneracy of the factory towns. A Juggernaut civilization is crushing them beneath the wheels of its onward car.” * * * * *

“Turn to England, and we find the same sad spectacle. Between 1831 and 1841 not a single county (though many parishes) showed a decrease of population; but in the ten years which followed—namely, from 1841 to ’51—as we learn from the last census, no fewer than *twenty-seven entire counties have undergone a diminution!*”—*Blackwood’s Magazine*, December, 1855.

† “Take the case of Lincolnshire, the best-cultivated district in England, and the very paradise of the agricultural laborer. Comparing the rate of wages and price of provisions in that county in 1797–8–9, the period over which Arthur Young’s report extends, with those current in 1849, when Mr. Clarke’s prize essay on the farming of Lincolnshire was written, we find that the laborer’s command over the necessities of life has remained stationary, if not retrograded, while the rental of the country has increased 87 per cent.!”—*Blackwood’s Magazine*, December, 1855.

Mr. Caird says that in the last eighty years “laborers’ wages have

yet, they have been subjected to a political centralization of the most exhausting kind. Their progress, too, has been, and is, retarded by the working of the British system. Were the people of Jamaica and of Portugal more prosperous—were they working out their ores, and constructing machinery for themselves—they would have more commodities to give to France, and would purchase more from her. Were those of Carolina making coarse cotton goods, and increasing the productiveness of their land, they would need more silks from France, and more pictures from Italy. The power to purchase depends upon the power to sell; and all the countries of Europe are retarded in their movement by the diminution of the productive power, resulting from the existence of a system based upon the idea of increasing the difference between the prices of raw materials and those of manufactured commodities—and thus enslaving the agricultural laborer. Notwithstanding all these obstacles, the French people are becoming from day to day more able to pay for the produce of other lands; and they are so, because their policy looks to increasing the competition for the *purchase* of the raw produce of the earth, and towards elevating the condition of the agriculturist; while that of England seeks to increase the competition for the *sale* of such produce, and to crush out from among her people the whole of that great class that used to stand between the mere day-laborer and the great non-resident land-owner.*

increased 84 per cent., and his cottage rent 100 per cent.; while the price of wheat, the great staple of the food of the English laborer, is about the same as it was in 1770. The price of butter," as he continues, "has increased 100 per cent., meat about 70 per cent., and wool upwards of 100 per cent."—*English Agriculture in 1850–51*, p. 475. Food and shelter are here shown to have increased in price faster than man, and the only change in favor of the latter is found in the reduction in the cost of clothing—a luxury not to be indulged in until after having obtained the food required for the maintenance of life. Taken altogether, Mr. Caird's statement makes the condition of the farm-laborer decidedly worse than it was in the days of Young, and yet the price of wheat, was but 40 shillings a quarter = \$1.10 per 60 lbs.

* "Absenteeism is in its results everywhere the same. All the transactions and communications between the richer and the poorer classes have thus substituted for them the sternness of official agency, in the room of that kind and generous treatment which, let them meet unrestrained, the more prosperous children of the same Parent would in almost every case pay to their less fortunate brothers." * * * "Where the power of sympathy has been altogether or nearly abolished among the different ranks of society, one of the first effects appears in a yawning and ever-widening gulf of poverty which gathers round its foundations. As the lofty shore indicates the depth of the surrounding ocean, the proud pinnacles of wealth

§ 12. That the total number of persons of all descriptions, employed in Great Britain in producing yarn, and in making the common cloths, the pig iron, the earthenware, and other similar commodities, by means of which that country not only pays for all the supplies required for her numerous population, but is enabled also to bring their producers so much in debt, is considerably less than half a million, is quite certain; and that it is even below four hundred thousand would appear very probable. That large quantities of produce are there received, and that very little is given in return, is a fact that does not admit of doubt; and one, too, the conviction of whose existence must, sooner or later, force itself upon the agricultural communities of the world. Were it now understood, and were those communities to arrive at the conclusion that they might as well mine and smelt their own ores, twist and weave their own cotton, and make their own earthenware; and were they to say to these few people—"Come among us and mine ore, make iron, spin thread, and weave cloth;" and—that having been done—were they to have the work performed at home that they now have done in England, the effect would be, that instead of feeding four millions of people, they would have but half a million to feed; and instead of giving such prodigious masses of cotton, sugar, coffee, tea, lumber, dye-stuffs, and other raw products, in exchange for a little coarse cloth, and very little iron, they would have the whole of that immense quantity to apply to the purchase of improved machinery, or to that of the comforts and luxuries of life. What, however, would, under such circumstances, be the condition of the English community—having four millions of people to be fed, and more than twenty other millions dependent upon foreign trade for the supply of all the luxuries, and most of the necessaries, of life? The wants would still exist, but where would be the commodities with which to pay for the supplies? Nowhere!—for Great Britain has now nothing of her own to sell. All her accumulations, and the major part of the supplies required for her own people, and for the support of government, are derived from *profits*—from buying cotton, wool, corn, and other raw products, at low prices,

in society are the indices of a corresponding depression among the humbler ranks. The greatest misery of man is ever the adjunct of his proudest splendor."—*Dr. Forbes, of Glasgow.*

and selling them at high ones ; and from the moment that those profits ceased to be made, she would cease to have the power to feed or clothe her people, without a total change of system.

Such a change would look to elevating the workman, instead of depressing him — to developing his faculties, instead of crushing them—to making of him A MAN, instead of a mere machine* — to the extension of commerce by means of the development of the scientific and artistic powers of the people—and not to the augmentation of the power of trade by means of contrivances for driving the poor Hindoo from his loom, and for preventing the various nations of the world from availing themselves of the great gifts of God, in the form of coal and ores, of steam and other powers. Such a change, however, would require much time—the tendency of the system for so long a period having been towards the brutification of the laborer, and towards reducing him to a condition near akin to slavery.†

§ 13. What, however, would be the effect upon France, of a change of policy such as above is indicated, on the part of Ireland, Turkey, Portugal, Brazil, India, the United States, and other countries ? Would she be placed in a similar position ? She would not, because her policy is thoroughly to elaborate and perfect her own rude products, and those of other lands received in exchange. With her, as a general rule, the value of the raw material bears but a small proportion to that of the finished com-

* “The whole map of human life, as it is seen in England at the present day, presents violent extremes of condition — huge mountains of wealth and luxury, contrasted with awful depths of poverty and wretchedness ; but in respect of mental ability, we find immense flats of uniformity — dead levels of respectable talent, with scarcely any such thing as originality, freshness, or high creative genius in any department of literature, art, science, or even trade.”—JOHNSON: *England as it Is*, vol. i. p. 217.

† “Is it not notorious that no English manufacturer ever made one single useful discovery in arts or science ? We have heard a good deal of the school of Manchester. What has it ever produced that was scientific or useful ? Has it any name in chemistry to boast of ? Can it point to a Fourcroy ? Can they quote any Manchester manufacturer who has written upon any scientific subject connected with his trade ? Why, sir, it is well known that they know no more of the chemical agents required for their own print-works than the blocks they use. They had been obliged to confess that nothing but the actual cheapness of their wares obtained them a market — that there was not a person in Europe who would not prefer the more artistic taste, and the more beautiful fabrics, of the French, or indeed even of the Chinese manufacturer.”—*Ibid.* vol. i. p. 293 ; quoted from DRUMMOND: *Debate, House of Commons*, February 19, 1850.

modity; and while she sends to the world the finest silks and cloths, wines and porcelain, her rival exports cotton-twist, blankets, coal, pig and bar iron, beer, and earthenware. The one aspires to lead the world, while the other seeks to underwork it. In the one, artistic taste is being from day to day more fully stimulated into activity; whereas, in the other, the tendency toward making of man a mere machine increases from year to year. The one looks to the cheapening of labor and land; whereas, the policy of the other tends towards raising the price of both.

Those who desired to supersede the one would require only the lowest description of manufacturing skill—to be acquired in the briefest period; whereas, those who sought to supplant the other would need a skill to be acquired only at the cost of very many years of application; and a taste for the development of which would be required a ready access to works of art; and, whatever might be their progress, France would still continue in advance.

In proof that such would be the case, we need only take the tables of exports—doing which, we find that the purchasers of French merchandise are chiefly found in those countries that are already largely manufacturing, and that are, themselves, anxious to compete with France, to wit:—

England.....	250,000,000 francs.	Switzerland.....	58,000,000 francs.
United States...	162,000,000 "	Zoll-Verein.....	42,000,000 "
Belgium.....	121,000,000 "	Russia.....	14,000,000 "
Sardinia.....	72,000,000 "	Hanseatic Cities.	13,000,000 "
Spain.....	65,000,000 "	Holland.....	15,000,000 "

Adding to these the colony of Algeria, 103,000,000, we have 905,000,000 exported in 1852—leaving 345,000,000 for the rest of the world; and nearly all that balance is so divided as to show that France is everywhere ministering to the tastes of the more refined portions of the various communities of the world. So far, therefore, is she from fearing competition, that she has reason to desire it—knowing that with every increase in the power elsewhere to make cotton and woollen cloths, and iron, there will be an increased demand upon her workshops for commodities requiring that high development of the artistic faculty, which she alone can furnish.

Turning to England, we find that her exports to the advancing portions of Europe, that is to say—

To Europe, exclusive of Turkey, Italy, and Portugal — amount to only.....	£19,000,000
While the raw material that has undergone the single process of twisting, and that goes only to manufacturing countries, amounts, alone, to.....	£10,000,000

Adding to this the unmanufactured metals, and the coal, sent to those countries, we shall obtain almost all the balance—England having, in fact, but little to send to any country that is itself advancing in civilization.*

To this country, the exports in the same year, 1852, were more than £16,000,000; but of this nearly the whole amount consisted in coarse cottons and woollens, iron, and other articles requiring little skill or taste; while from France were imported nearly all of those in the preparation of which artistic skill was manifested. Deducting the two quantities above referred to, there now remain no less than £38,000,000, or more than half of the whole, for India, Australia, and other colonies—and Portugal, Turkey, Buenos Ayres, Mexico, and other countries—in which there exist no manufactures; and in which, consequently, are found the evidences of barbarism—raw materials being cheap, while finished commodities are dear.

The system of France is based upon the idea of the enlargement of commerce—resulting from the compression of raw commodities into their smallest form; and from the emancipation of the farmer from the tax of transportation. Commerce grows with the growth of the *powers* of man; and therefore would France profit by the adoption in other countries of the system that has so well been carried out at home.

The system of England is based on the idea of the supremacy of trade, and the augmentation of the tax of transportation. Trade grows with the growth of man's *neccssities*; and therefore would England suffer under any system leading in other countries to development of the faculties, and increase in the powers, of man.

* “The exhibitors of Manchester, who had sent to the Exhibition a mass of their productions amounting, at the lowest price, to £7000 sterling, were unable to sell in Paris more than the half of it. The remainder they were obliged to bale up again, and carry it back to England; and yet, the import duties had been reduced, for the occasion, to ten per cent., and that upon a declaration of the value made by the importer.” — *Journal des Economistes*, May, 1856, p. 302

§ 14. But, it will be asked, how could these various communities accomplish the work suggested? All of them are poor, and so, it will be said, they are likely to remain. So *must* they do, while they shall continue the work of destroying capital, as they now are doing; but so they will not do, whenever they shall begin to establish that circulation of service which constitutes society, and economizes labor. Ireland feeds daily more than seven millions of people — all of them consumers of capital, while but few of them are producers of any thing to represent the things consumed. More than three-fourths of the mental and physical power of that country goes to waste; but that waste would cease so soon as A and B were enabled to exchange services with C and D; and they, each and all, were enabled to exchange with others. Estimating the loss as being equivalent to the labor of only two millions of men and women, and the value of the things they might produce at only half a dollar per day, we obtain *a daily amount of a million of dollars*; and an annual one of \$300,000,000. The effect of this labor in *utilizing* the coal, the ore, and the thousand other things, now useless, by which those idle millions of people are surrounded, would be, to add half as much, yearly, to the value of the land in cultivation — and here we have an annual amount far exceeding the total value of all the machinery for mining coal and smelting iron ore, and for spinning and weaving cotton, wool, flax, and silk, now in use in Great Britain. Turning to India, we see a hundred millions of people, nine-tenths of whose powers are wasted for want of commerce. Give them that, and capital will at once exist to an amount far greater than that of the machinery of Great Britain and France combined. Looking next to Carolina, Alabama, and Louisiana, we see millions of people in a situation precisely similar; and yet, they must all be fed, clothed, lodged, and kept in order for daily work. The *daily* loss, there, is greater than the *annual* amount of skill and labor given by England to the conversion of the cotton and the wool, the iron, the copper, and the tin, they can afford to purchase. Let employments be diversified, and that loss will then cease; and then capital will be found to exist in vast abundance. So is it everywhere. Mexico and Peru, Turkey and Portugal, would have an abundant supply of capital were they so to modify their

policy, as to produce in society that circulation which is required for securing that each and every man be enabled to sell his own powers, and to become a competitor for the purchase of those of others. All force results from motion, and it is only because there is no motion in the society of Ireland, India, and Carolina, that those communities continue poor.

In all countries, capital accumulates in the precise ratio of the economy of human power. That it may be economized, there *must* be differences in society, resulting from the development of the various faculties of men. The commercial policy of France tends in that direction, and therefore does she grow rich ; while, for want of that policy, Turkey and Portugal, Ireland and India, decline from day to day—and this they do for the plain and simple reason, that in each and every of them there is an enforced waste of capital amounting, weekly, to more than the annual value of the manufactures they now consume. Let them be emancipated from the dominion of trade—let them have commerce at home—and they will soon have ten times as much to sell, and will be enabled to buy ten times more than they now do—becoming larger customers to the producers of cotton and sugar on the one hand, and to the makers of silks and ribbons on the other ; and adding, too, to the market of these latter by increasing the demand for the products of the former. The harmony of international interests is perfect, and it is the greatest of errors to suppose that one nation can permanently thrive at the cost of others.

§ 15. The French system looking specially to the enlargement of the agricultural base, its effects are seen in a steady diminution in the *proportion* of the product of labor going to the support of the other classes of society, and a consequent diminution in the proportion borne by these latter to the mass of which society is composed. Commerce is there gradually, and certainly, correcting the evils resulting from the political centralization under which France so long has suffered.

The English system, on the contrary, looks to a contraction of the base of society ; and Britain now presents to view a great community resting entirely upon the shoulders of probably less than half a million of men, women, and children, constantly at war with their employers—the former being anxious to bring

about a state of things in which it shall be recognised that they are really the human beings described by Adam Smith; whereas, the latter insist, with Sir James Graham,* that they are mere instruments to be used by trade. Society has there already taken the form of an inverted pyramid.†

* See *ante*, page 476.

† No system has ever been devised so destructive of human happiness and morals as that denounced by Dr. Smith — and justly described in the following passages from a speech made some years since on the occasion of an election at Bradford, in Yorkshire:—

“That system is based on foreign competition. Now I assert, that *under the buy-cheap-and-sell-dear principle, brought to bear on foreign competition, the ruin of the working and small-trading classes must go on.* Why? Labor is the creator of all wealth. A man must work before a grain is grown, or a yard is woven. But there is no self-employment for the working-man in this country. Labor is a hired commodity — labor is a thing in the market that is bought and sold; consequently, as labor creates all wealth, labor is the first thing bought — ‘Buy cheap! buy cheap!’ Labor is bought in the cheapest market. But now comes the next: ‘Sell dear! sell dear!’ Sell what? *Labor’s produce.* To whom? To the foreigner — ay! and to the laborer himself — for labor, not being self-employed, the laborer is *not* the partaker of the first-fruits of his toil. ‘Buy cheap, sell dear.’ How do you like it? ‘Buy cheap, sell dear.’ Buy the working-man’s labor cheaply, and sell back to that very working-man the produce of his own labor dear! The principle of inherent loss is in the bargain. The employer buys the labor cheap — he sells, and on the sale he must make a profit: he sells to the working-man himself; and thus every bargain between employer and employed is a deliberate cheat on the part of the employer. Thus labor has to sink through eternal loss, that capital may rise through lasting fraud. But the system stops not here. *This is brought to bear on foreign competition — which means, we must ruin the trade of other countries, as we have ruined the labor of our own.* How does it work? The high-taxed country has to undersell the low-taxed. *Competition abroad is constantly increasing, consequently cheapness must increase also.* Therefore, wages in England must keep constantly falling. And how do they effect the fall? By *surplus labor.* How do they obtain the surplus labor? By monopoly of the land, which drives more hands than are wanted into the factory. By monopoly of machinery, which drives those hands into the street; by woman-labor, which drives the man from the shuttle; by child-labor, which drives the woman from the loom. Then planting their foot upon that living base of surplus, they press its aching heart beneath their heel, and cry, ‘Starvation! Who’ll work? A half loaf is better than no bread at all;’ and the writhing mass grasps greedily at their terms. Such is the system for the working-man. But, electors, how does it operate on you? how does it affect home trade, the shopkeeper, poor’s rate, and taxation? *For every increase of competition abroad, there must be an increase of cheapness at home.* Every increase of cheapness in labor is based on increase of labor surplus, and this surplus is obtained by an increase of machinery. I repeat, how does this operate on you? The Manchester Liberal on my left establishes a new patent, and throws three hundred men as a surplus in the streets. Shopkeepers! Three hundred customers less. Rate-payers! Three hundred paupers more. But, mark me! The evil stops not there. *These three hundred men operate first to bring down the wages of those who remain at work in their own trade.* The employer says, ‘Now I reduce your wages.’ The men demur. Then he adds, ‘Do you see those three hundred men who have just walked out? You may change places, if you like; they’re

Such being the case, we can now readily account for the steadiness of the commercial policy of the one, notwithstanding the shocks of repeated revolutions; and for the exceeding unsteadiness of the trading policy of the other, although political revolutions are there unknown. The one, after long experience, has just announced to the world, through the President of the Council, M. Baroche, its determination "formally" to "reject the principle of free trade, as incompatible with the independence and security of a great nation, and as destructive of her noblest manufactures. No doubt," as he continued, "our customs tariffs contain useless and antiquated prohibitions, and we think they must be removed. But protection is necessary to our manufactures. This protection must not be blind, unchangeable, or excessive; but *the principle of it must be firmly maintained.*" The other, on the contrary, has changed its system repeatedly, and especially within the last five-and-thirty years. Until 1825, it had gone on heaping protection upon protection; but since that time, its policy has been altered and re-altered, until the *form* of the existing one bears hardly the slightest resemblance to that of the days of George III., although the *spirit* remains the same.

The one is quiet, tranquil, and confident in its forward movement; whereas, the other, restless and doubtful, is unceasingly engaged in wars for the extension of trade—military wars, carried on by soldiers and sailors, admirals and generals—and trading wars, carried on by means of "large capitals" so directed as to prevent, or crush, competition abroad or at home.

The one is rapidly becoming the leader of the advancing nations of Europe; whereas, the other is gradually surrounding itself with the ruins of once-important nations, that have been its friends.

The policy of the one is in accordance with the views of its own illustrious Colbert; and with those of Adam Smith, when teaching that "that country in whose cargoes there is the greatest proportion of native, and the least of foreign, goods, will always be the principal gainer." * The other is in harmony with the doc-

eighing to come in on any terms, for they're starving.' The men feel it, and are crushed. Ah! you Manchester Liberal! Pharisee of politics! those men are listening—have I got you now? But the evil stops not yet. *Those men, driven from their own trade, seek employment in others, when they swell the surplus, and bring wages down.*"

* *Wealth of Nations*, book 4, chap. iii.

trines of Sir Robert Peel, who taught that England's governing principle was to be found in the single determination to "buy in the cheapest market and sell in the dearest one" — buying labor at home and abroad at a low price, and selling it, both at home and abroad, at a high one.*

While the one presents no single fact in support of the theory of over-population, the history of its progress is a vast magazine of facts tending to the demonstration of the great truth, that the treasures of the earth are boundless in their extent, and wait only the demands of man to render themselves to his service. The other, on the contrary, gave birth to the Malthusian theory, and furnishes, at home and abroad, all the phenomena by which it seems to be supported.†

The one acquires from year to year more strength and influence, while the other as steadily diminishes in both. How far that diminution, recently so strongly manifested, is due to the course of policy above described, the reader may now determine for himself. In all countries, and at all ages, centralization, over-population, and physical, mental, and intellectual decline have travelled hand in hand together; and therefore it has been that no permanent

* "The Scotch miners' strike—the most extensive and bitterly contested which has ever been known in the west of Scotland—may be held to have terminated. When it was at its height, about six weeks since, at least 40,000 men were engaged in it, and remaining in a state of voluntary idleness. It is calculated that the sacrifice in wages alone amounted to more than £500,000; but to this must be added the loss of masters' profits and the dislocation of business endured by all who depend on the coal and iron-mining trades. The men have returned to their work in a very gloomy mood, and under a burning sense of injustice."—*London Paper*, June 11, 1856.

† "While bread and meat are rising in price, man is growing cheaper. The reason, we shall be told, why man is so cheap, and woman, too, is that 'the supply exceeds the demand;' but this is really nonsense. * The true reason why men are so cheap is, that the whole system of our laws and government rests upon the principle that we should have a reverent care of the material productions, and leave the men to take care of themselves. * It is not the dress-maker we consider, but the dress; it is not the butcher whose well-being we care for, but the meat; it is not the grocer whose moral and physical condition is the object, but the grocery; it is not the baker or the bread-eater, whose sole satisfaction we seek, but the bread. Nor is it even these goods for the sake of their utility to man—it is the goods as saleable commodities alone. The bread may be adulterated, so that it passes and gets the price of a loaf; it is the same with the butcher's meat—it may rot; the gown—it may be of counterfeit stuff. But it is the *trade* in the gown, the meat, the grocery, the bread, &c., that is the object of existence; and it is the trade to which our law-makers look, not to the tradesman, the working-man, or the consumer."—*Leader*, July 12, 1856.

prosperity has ever yet resulted from the attempt to establish and extend the dominion of trade. In none, has that attempt more continuously, and consistently, been made than in the one now under consideration; and therefore it is that all the phenomena that England now presents, are those of growing centralization, and of decline, symptomatic of approaching death.

The days of Pericles were those of Athens' greatest splendor; but that splendor was only the forerunner of decline, and of moral and political death—the little landed proprietors having even then diminished in number; land having become more and more monopolized; and men having come to be regarded as little else than mere machines. The most splendid days of Rome were those of the Antonines; but even then she tottered to her fall—so near at hand. As had been before the case in Athens, the base of the societary structure had gradually narrowed—the free laborer having disappeared from the soil, and the land itself having become vested in absentee proprietors. Like causes produce like effects, and the historian of future times will probably find that the period of England's greatest splendor had been the period in which property in land had become the privilege of the few—that in which the free laborer was gradually disappearing from the soil—that in which the Ricardo-Malthusian doctrine was invented—and that in which man was becoming, from day to day, more and more a mere instrument to be used by trade.*

* "I remember that Adam Smith and Gibbon had told us that there would never again be a destruction of civilization by barbarians. The flood, they said, would no more return to cover the earth; and they seemed to reason justly, for they compared the immense strength of the civilized part of the world with the weakness of that part which remained savage, and asked from whence were to come those Huns, and from whence were to come those Vandals, who were to again destroy civilization? Alas! it did not occur to them that, in the very heart of great capitals, in the very neighborhood of splendid palaces, and churches, and theatres, and libraries, and museums, vice and ignorance and misery might produce a race of Huns fiercer than those who marched under Attila, and Vandals more bent on destruction than those who followed Genserik."—*Macaulay*.

CHAPTER XXIII.

THE SAME SUBJECT CONTINUED.

§ 1. THE close of the wars of the French Revolution, in 1815, brought with it peace, whose arrival was hailed as the precursor of universal prosperity and happiness; but in place thereof she brought universal ruin. The mills and furnaces of the United States, and of Continental Europe, were almost everywhere closed, because of the inability of the farmers to purchase cloth or iron; and the farmers were almost everywhere being ruined, because of the inability of carpenters and masons, spinners and weavers, miners and furnace-men, to purchase food. The cause of all this was, as they were told, to be found in the fact that the physical and mental effort which had, for so many years, been given to the work of destruction, were now being applied to production; but how that change — involving, as it did, a large increase in the quantity of commodities required for the uses of man — could produce such effects, was not explained. The real cause was to be found in the fact, that peace had brought with it the destruction of commerce and the supremacy of trade. Under the Continental System, manufactures had grown up in Germany and Russia, and other of the chief countries of Europe, while measures of non-intercourse with Great Britain, and the war which followed them, had produced in the United States the same effect. With the peace, those manufactures disappeared, and the farmer ceased to be able to make any exchanges except through the medium of foreign mills and furnaces; and every increase in the necessity for dependence on the ship-owner and the trader is attended by decline in the proportion of the product enuring to its producer. The man who *must* go to any market, *must* pay the cost of going there, let that cost take what form it may; and

from the moment that the mills of Germany were closed, and her farmers were compelled to seek abroad a market for any portion of their products, however small, the price obtained for that small quantity determined that of the greatly larger one, consumed at home. The trader profited, because there thus was made an increased demand for the services he desired to render. The ship-owner profited, because it made a demand for ships. The government officer profited, because it gave him more food for less money. The annuitant profited, because his five per cent. purchased more food and cloth than ten had done before. The land-owner suffered, for he received but little rent; and the workman suffered, for he could not sell his services. The circulation of labor and its products had almost ceased; and with its cessation there came a decline of power in individuals, and in the communities of which they were a part.

The state of affairs that had been thus produced, and that had made of peace a calamity far greater than the war with which they previously had been afflicted, led necessarily to an inquiry into its causes — and to a study of the great text-book in political economy, *The Wealth of Nations*. In every page of that work its readers found themselves presented with evidence of the superior advantages of commerce over trade; and of the absolute necessity for commerce at home if they would have it abroad. "The great commerce of every civilized society," as they there were told, "is that carried on between the inhabitants of the town and those of the country" — consisting "in the exchange of rude for manufactured produce"; but that commerce they could not have, for their mills were closed, and their artisans had been driven to the labors of the field. Again — having found therein that "the corn which grows within a mile of the town sells for the same price with that which comes from twenty miles distant;" that "the latter must pay the expense of raising it and bringing it to market;" and that the gain to the farmer was in the direct ratio of the proximity of that market; they examined their situation, and found that their market was becoming daily more distant, with constant increase in the proportion of the product required for paying the cost of getting to it. Further, they learned that commerce brought with it the double advantage, that

while it enabled the farmer readily to exchange his wool and his corn against cloth to be worn at home, it greatly facilitated his access to distant markets, because it compressed within "a small bulk" "the price of a great quantity of produce" — "the piece of cloth, for example, which weighs but eighty pounds," containing "in it the price not only of eighty pounds of wool, but sometimes of several thousand weight of corn" consumed by those who had changed the rude produce into cloth. In its original form, it "could with difficulty have been carried abroad," but in that to which it had been brought, it could, as they were assured, and as they had had reason to know, "easily be sent to the remotest corners of the world."

In every page of that great work they found evidence that if they would prosper, they could do so on one condition only—that condition which requires that the consumer and the producer take their places by each other's side, and thus approximate as nearly as possible the prices of raw materials and manufactured commodities; but how to accomplish this was a question not so readily answered. England—having enjoyed internal peace—had been enabled to devote her energies to the improvement of the machinery required for obtaining command of various natural forces, all of which as much existed in the earth and atmosphere of Germany and Russia, Brazil and the United States, as in the British islands; but the monopoly of the power thus acquired was carefully guarded by a series of enactments of the most stringent kind. When the people of Germany, therefore, sought to enable themselves to profit by the power of steam, and for that purpose to obtain an engine, they found themselves met by a law prohibiting the export of machines of that description, or of any other. If they wished to convert corn and wool into cloth, they found that the people of England were by law prevented from either making machinery for them at home, or from going abroad to make it. If they desired to mine coal, they found that colliers were denied the power to expatriate themselves; and, further, that while England was thus, as far as possible, prohibiting them from calling nature to their aid, she taxed most heavily all the products of foreign industry, with the declared object of making of herself the one and only "workshop of the world."

Studying next the speeches of British statesmen, they were met by declarations to the effect that, however great might be the present loss to the British people resulting from the necessity for selling goods at so greatly diminished prices, advantage must, ultimately, thence result. The effect, as was openly declared, must necessarily be the annihilation of the industry of all those nations who had found themselves protected by the combined effects of the war and the Continental System; and a brilliant future would make amends for the gloomy present. In all this the continental nations could not fail to see a determined effort at preventing the various communities of the world from "employing their stock and industry" in the way they judged "most advantageous to themselves;" and when they turned to Adam Smith, to have his opinion in reference to such a course of operation, they found him denouncing it as "a manifest violation of the most sacred rights of nations" — and as, of course, justifying resistance.

Looking next to Colbert and Cromwell, the men who had set the example of resistance to trading and transporting monopoly, they found their course to have been one of protection to the interests endangered; and, that that protection had been productive of all the effects desired. The one had looked chiefly to the promotion of commerce at home, and under his system, persevered in with remarkable steadiness, manufactures had greatly grown; and France now supplied herself so cheaply with many of the articles protected by his system as to enable her to supply the world. The other had looked chiefly to trade, and the effect of his policy had been that of enabling his countrymen to have the command of ships at so moderate a rate as to enable them to underwork the world, and still grow rich themselves. Turning thence to Cromwell's successors, and studying the course they had pursued and its effects, it was seen that protection had made cotton goods so cheap in England that her people were rapidly driving those of India not only out of the market of the world, but even out of their own; that protection to the woollen manufacture had made woollens so cheap in England as to forbid competition in the distant markets of Russia and Germany, where the wool itself was grown; that protection to iron had caused so great a development of the treasures of the earth as to have en-

abled the British people almost to monopolize the iron manufacture for the world ; and that protection to British farmers in their effort to bring about division of employments, had had the effect of rendering them entirely independent of foreign markets, and of freeing them from the enormous tax of transportation ; as a consequence of which, they could buy more money with the crop obtained from a single acre than could the farmer of Russia, Germany, or Ohio, with that of a dozen acres.

Careful examination of these facts satisfied them, that if they would enable themselves to obtain more cloth, and more iron, in exchange for a given quantity of labor ; if they would have commerce among themselves ; if they would produce a demand for the physical and intellectual powers of their people that were then being wasted ; if they would maintain commerce with the world ; if they would regain a position of strength enabling them to command the respect of other nations ; — they could do so only by means of a policy similar to that which had been so successfully pursued by England and by France — a policy that had resulted in increasing to so great an extent the power of association, as a consequence of the greatly increased development of individuality among their people. Hence it was, that so nearly simultaneously the system that had been endorsed by both those countries, was adopted by the principal communities of both Europe and America — the movement in Germany which led in 1835 to the German Customs-Union, or *Zoll-Verein*, having commenced in 1820 — and Russia and the United States having followed the example in 1824. Since then, the relative positions of France and England have greatly changed — the former having steadily adhered to the policy which looks to the extension of commerce, while the latter has directed all her energies to the consolidation of the power of trade. Thus far, however, the latter has found no imitators but in the United States — Denmark and Spain, Russia, Sweden, and Germany, having continued to follow in the lead of France. What have been the results will now be shown.

§ 2. Compared with Ireland, India, or Turkey, DENMARK is a very poor country. "She has," says one of the most enlightened of British travellers, "no metals or minerals, no fire-power, no water-

power;" nor has she any "products or capabilities for becoming a manufacturing country for supplying foreign consumers." Having no harbors on the North Sea, her navigation is confined to the Baltic, and "her commerce is naturally confined to the home consumption of the necessities and luxuries of civilized life which the export of her corn and other agricultural products enables her to import and to consume. She stands," as he continues, "alone, in her corner of the world—exchanging her loaf of bread, which she can spare, for articles she cannot provide for herself, but still providing for herself every thing she can by her own industry." *

That industry is protected by heavy import duties imposed avowedly, for the purpose of protecting commerce by bringing together the producers and consumers of the country, and thus freeing the agriculturist from the heavy taxation incident to the necessity for effecting changes of place. "The greater part of their clothing materials," says Mr. Laing, "linen, mixed linen and cotton, and woollen cloth, is home-made," while "the flax and the wool are grown and manufactured on the peasant's farm; the spinning and weaving done in the house; the bleaching, dyeing, and fulling done at home, or in the village." †

The manufacture of their clothing finds employment for almost the whole female population of the country, and for no inconsiderable portion of the males, during the winter months, and thus gives value to labor and skill that would otherwise be waste—while developing the faculties of all, and enabling them to maintain commerce with each other. Under a different system, the money price of clothing would, temporarily, be less, but what would then become of all this labor-power? What would be its money value? Capital must be consumed in producing it from day to day; and if, when produced, it be not put to use, the capital must be wasted, as we see to be the case in Ireland. Cloth is cheap in that country, but man is so much cheaper, that he not only goes in rags, but perishes of starvation, because compelled to exhaust his land and waste his labor. "Where," justly inquires Mr. Laing, "would be the gain to the Danish nation, if the small proportion of its numbers who do not live by hus-

* LAING: *Denmark and the Duchies*, p. 299.

† Ibid. p. 381.

bandry, got their shirts and jackets, and all other clothing, one-half cheaper, and the great majority, who now find winter employment in manufacturing their own clothing materials, for the time and labor which are of no value to them at that season, and can be turned to no account, were thrown idle by the competition of the superior and cheaper products of machinery and the factory?"*

There could be none. The only benefit derived by man from improvement in the machinery of conversion is, that he is thereby enabled to give more time, labor, and thought to the development of the powers of the earth, the great machine of production; and in that there *can* be no improvement under a system that looks to the exportation of raw products, the sending away of the soil, and the exhaustion of the land.

The whole Danish system tends to the local employment of both labor and capital, and therefore to the growth of wealth, the division of the land, and the improvement of the modes of cultivation. As a consequence of this, there is a large and constantly increasing proportion of the real estate held in small farms belonging to peasant proprietors; while throughout the whole agricultural body there exists a high degree of enterprise — promoting the adoption of all the modern improvements in husbandry, and threatening, says Mr. Laing, the production of a formidable rivalry "in the English markets to the old-fashioned, use-and-want English farmers, and even to most of our improving large farmers in Scotland."†

Seventy years since, the domains and estates of the nobles were cultivated by serfs who were bound to work every day on the main farm of the feudal lord, by whom they might be flogged, or imprisoned; and by whom they could be reclaimed if they fled from off his land. With the exception that they were allowed cottages and small pieces of land that they might cultivate, when not required on the domain of their lord, their condition differed from that of the negro slave of Carolina in little but the fact that they were attached to the soil, and could not be sold without it. How great is the change that since has taken place, will be appreciated by the reader when he knows that in the two duchies of Holstein and Sleswick, with a population of 662,500 souls, there are no

* *Denmark and the Duchies*, p. 385.

† *Ibid.* p. 52.

less than 125,150 farms of a size to keep ten or fifteen cows ; and that these are owned by small proprietors of a class, says Mr. Laing, "correspondent to the yeomen, small freeholders, and statesmen of the north of England ; while of smaller landholders, "properly cottars, with a house, a yard, and land for a cow or two," for which they pay rent "and receive wages all the year round," the number is 67,000.*

Even the poorest of the laboring householders has a garden, some land, and a cow ;† and everywhere the eye and hand of the little proprietor may be seen busily employed ; while the larger farmers, says Mr. Laing, "attend our English cattle-shows and agricultural meetings, are educated men, acquainted with every agricultural improvement, have agricultural meetings and cattle-shows of their own, and publish the transactions and essays of the members. They use guano, and all the animal or chemical manures, have introduced tile-draining, machinery for making pipes and tiles, and are no strangers to irrigation on their old grass meadows."‡

Wherever the circulation of labor and its products is most rapid, there will the largest proportion of the labor of the community be given to developing the resources of the earth, and to increasing the quantity of commodities required for the uses of man ; and there will be found most highly developed that individuality which tends to the production of self-respect. The tendency of the Danish system is towards the maintenance of that circulation ; and, as a consequence, there are, says Mr. Laing, "few so shabby in clothes as the unemployed or half-employed workmen and laborers in Edinburgh ; and a proletarian class, half naked and in rags, is not to be seen."§

The house accommodation, as he tells his readers, is good, the country people being "well lodged in buildings the material of whose walls is brick, while the floors are everywhere of wood. The accommodations "outside of the *meanest cottage*, the yard, garden, and offices, approach more to the dwellings of the English than of the Scotch people of the same class."||

Every parish has its established schoolmaster, as well as its established minister, and the teachers are better paid, and "are

* *Denmark and the Duchies*, p. 48.

† *Ibid.* p. 127.

§ *Ibid.* p. 379.

‡ *Ibid.* p. 42.

|| *Ibid.* p. 420.

men of much higher education, than their Scottish brethren." "Government has provided schools, and highly-qualified and well-paid teachers, but, as it has invested them with no monopoly of teaching," all persons who desire so to do may open schools, and parents may send their children to public or private ones, at their pleasure. Education, literature, and literary tastes being universally diffused, public and circulating libraries, museums, and newspapers are found in all the large towns—while in every little one, says Mr. Laing, "the traveller finds educational institutions and indications of intellectual tastes, such as the taste for reading, music, theatrical representations, which, he cannot but admit, surpass what he finds at home in England, in similar towns and among the same classes." *

We have here abundant evidence of the beneficial effect of local action, as compared with centralization. Instead of having universities in Copenhagen, and no local schools, or newspapers, there is universal provision for education, and as universal evidence that the people avail themselves of it. Their tastes are cultivated, and are becoming more so from day to day; and thus do they present a striking contrast to the picture furnished by the opposite shore of the German Ocean; and yet the natural advantages of Great Britain far surpass those of the little kingdom we now describe. The cause of difference is to be found in the fact, that the system of the one looks to the cheapening of land, labor, and all other raw materials of manufacture, and underworking the laborer abroad, for the benefit of trade; while the other looks to extending commerce—to cheapening the commodities required by the laborer—and to increasing the value of man.

The Danish system looks to the development of individuality, and therefore is it that even in the poorest houses the windows "rarely want a bit of ornamental drapery, and are always decked with flowers and plants in flower-pots," the whole people having "a passion for flowers," † and having everywhere "leisure to be happy, amused, and educated." ‡

The material and intellectual condition of this people is declared by Mr. Laing—and he is an experienced and most observant traveller—to be higher than that of any other in Europe; § while

* *Denmark and the Duchies*, p. 316.

† *Ibid.* p. 366.

‡ *Ibid.* p. 50.

§ *Ibid.* p. 388.

Mr. Kay, also very high authority, places the people of England among the most ignorant and helpless of those of Europe. The Danes consume more food for the mind "than the Scotch; have more daily and weekly newspapers, and other periodical works, in their metropolis and in their country towns, and publish more translated and original works; have more public libraries, larger libraries, and libraries more easily accessible to persons of all classes, not only in Copenhagen, but in all provincial and country towns; have more small circulating libraries, book-clubs, musical associations, theatres and theatrical associations, and original dramatic compositions; more museums, galleries, collections of statues, paintings, antiquities, and objects gratifying to the tastes of a refined and intellectual people, and open equally to all classes, than the people of Scotland can produce in the length and breadth of the land." *

Every step towards the development of commerce tends towards equality, and such being the tendency of the Danish system, it is no matter of surprise that we find the Dane distinguished for kindness, urbanity, and regard for others;† or, that there should prevail among "individuals of the most different stations and classes a feeling of independence and mutual respect,"‡ and an equality of social intercourse, directly the reverse of the growing inequality we see everywhere arising among the communities that are becoming, from year to year, more subject to the control of trade. "The houseless are unknown," and they are so because there is no such influx, as in the large towns of Great Britain, "of operatives in every trade, who, coming from the country to better their condition, are by far too numerous for the demand, must take work at lower and lower wages to keep themselves from starving, and who reduce their fellow-craftsmen and themselves to equal misery. Employment is more fixed and stationary for the employed and the employers. There is no foreign trade or home consumption to occasion great and sudden activity and expansion in manufactures, and equally great and sudden stagnation and collapse,"§ such as are seen periodically to occur in all countries whose systems look to increasing the necessity for dependence on the machinery of transportation.

* *Denmark and the Duchies*, p. 390.

† *Ibid.* p. 428.

‡ *Ibid.* p. 362.

§ *Ibid.* p. 394.

Denmark is "a living evidence of the falsity of the theory that population increases more rapidly than subsistence where the land of the country is held by small working proprietors;"* and she is a living evidence, too, of the falsity of the theory that men commence with the cultivation of the most productive soils, and find themselves, as wealth and population increase, compelled to resort to poorer ones, with diminished return to labor. Why she is enabled to afford such conclusive proof of this is, that she pursues a policy tending to secure to her people that real freedom of commerce which consists in having the power to choose between the foreign and domestic markets—a power, the exercise of which is denied to India and Ireland, to Portugal and to Turkey. She desires to exercise control over her own movements, and not over those of others; and therefore it is that her people become from day to day more free, and her land from year to year more valuable.

Turkey is the paradise of the system commonly known by the name of free trade—that system under which the artisan is *not permitted* to take his place by the side of the producer of silk and cotton—and the result is seen in the growing depopulation of the country, the increasing poverty and slavery of its people, the worthlessness of its land, and the weakness of its government. Denmark is, to some extent, the paradise of freedom of commerce—that system under which the artisan and the farmer *are* permitted to combine their efforts; and the consequence is seen in the increase of population, in the growth of wealth and freedom, in the growing value of land, in the increasing tendency to equality, and in the strength of its government, as exhibited in its resistance to the whole power of Northern Germany during the late Sleswick-Holstein war; and as afterwards exhibited towards those of its own subjects who had aided in bringing on the war—not one of whom was punished at the cost of either life or limb, during its continuance, or at its close.†

§ 3. In no part of Europe did there exist, a few centuries since, so great a diversification of employments as in the south of Spain. In none, consequently, was individuality so fully developed; in none was commerce so great. With a constant succession of wars,

* *Denmark and the Duchies*, p. 294.

† *Ibid.* p. 269.

however, there came a change — the enlightened and industrious Moors being expelled the kingdom, and centralization of the power of directing thought and action being fully established, almost at the same moment that discoveries in the East, and in the West, gave power to the crown to direct the forces of the nation to wars of conquest ; but here, as everywhere, centralization has gone hand in hand with poverty and weakness of both government and people. Almost from that day to the present, it has been with difficulty that Spain has maintained her own rights on her own soil, and for the reason, that in striking out an important link in the chain of society, she destroyed that circulation of labor and its products without which there can be no social force. Her system has tended to the destruction of commerce, and the substitution of trade — to the exhaustion of her soil — and to the annihilation of the value of both labor and land ; and every page of her history affords confirmation of the proposition that nations which fail in respect for the rights of others, have little security for the maintenance of their own.

Prior to the expulsion of the enlightened and industrious Moors, the kingdom contained thirty millions of people, whereas it now contains but half the number ; and, from having been one of the richest countries, it has since become one of the poorest in Europe. Granada, which four centuries since had 400,000 inhabitants, has now but 60,000. Seville, which two centuries since had 300,000, of which 130,000 were engaged in manufactures, has now but 96,000. Toledo, which had 200,000, has now but 15,000 ; and Merida has fallen from 40,000 to 5000. The population of Valencia, once 600,000, is now but 60,000 ; and the diocese of Salamanca, which once contained 127 cities and villages, has now but 13. In 1778, there were counted, throughout the country, no less than 1511 abandoned villages, and the number is stated to have since increased.* Such have been the effects of the substitution of the work of appropriation for that of production. Mexico and Peru, the isles of the Eastern and the Western Indies, Italy, and the Netherlands, have in turn been plundered ; while commerce at home has been destroyed by constant demand for men for exportation, and constantly increasing interferences with local association, in the form of taxes

* *El Clamor Público*, of Madrid.

upon every transfer of labor or its products. In no part of the world has the system to so great an extent looked to interposing obstacles between the producers of raw commodities, and those who desired to consume them. The result is seen in the abandonment at home of the most fertile soils, and diminution of the power of association—with constant decline in the motion of society, in the power of production, and in that of consumption.

Under such circumstances, the great middle class of artisans—that class whose existence is indispensable to the maintenance of motion in society—gradually died out. Towns and cities, therefore, decayed, and land became more and more consolidated in the hands of the nobles and the church; while talent found no demand, except in the service of church or state—in the exercise of the power of appropriation.

While thus destroying commerce, efforts were made to build it up by aid of restrictions on external trade; but the very fact that commerce was destroyed, made it necessary for thousands and tens of thousands of persons to engage in smuggling; and the country was filled with men ever ready to violate the law, because of the absence of demand for physical and mental effort. The laws restraining the import of foreign merchandise were easily violated, because its bulk was small and its value great; whereas, those interfering with the transit of raw materials were easily enforced, because their bulk was great and their value small. The whole system, therefore, tended effectually to prevent the artisan from taking his place by the side of the grower of food and wool; and hence the depopulation, poverty, and weakness of this once rich and powerful country.

Fortunately for Spain, however, the day arrived when she was to lose her colonies, and find herself compelled to follow the advice of Adam Smith—looking to home for revenue. From that day to the present, her course, though slow, has been onward—each succeeding year having brought with it increased diversity of employment, and greater power of association and combination; with corresponding increase in the power of the people in their relations with the government, and in that of the government itself in its relations with those of other nations.

Among the earliest measures looking to the emancipation of France and Germany, was the removal of restrictions upon the

commerce in land, the great instrument of production ; and so has it been in Spain. Forty years since, but twenty millions of acres were owned by the men employed in cultivation, while twice that quantity was held by the nobles and the church. The property of the latter having since been sold, the result is seen in the fact that the number of small proprietors, cultivating their own land, has risen from 273,000 to 546,000 ; and the number of properties from 403,000 to 1,095,000.*

A further step towards the emancipation of commerce is found in the abolition of a great variety of small and vexatious taxes, among which are those formerly paid on the transit of raw materials of manufactures. In place of all these, there is now a land tax, payable alike by the small and the great proprietor — a tax whose existence affords abundant proof of the growing power of the people, and the growing tendency towards equality before the law. With each successive stage of progress, we find an increasing tendency towards that diversification in the demand for human effort which develops individuality ; and in which alone is found the cause of growing value in land and labor. From 1841 to 1846, the number of spindles in Catalonia grew from 62,000 to 121,000, and that of looms from 30,000 to 45,000 ; while cotton factories had been put in operation in various other parts of the kingdom — Granada now bidding fair to rival even Catalonia in her manufactures.† In 1841, the total value of the products of the cotton manufacture was estimated at about four millions of dollars, but in 1846 it had risen to more than six and a half millions. The woollen manufacture had also rapidly increased — making a demand for labor at numerous places throughout the kingdom. One of these, Alcoy, is specially referred to by M. Block,‡ as situated among the mountains which separate the ancient kingdoms of Valencia and Murcia — the persons there employed in the cloth manufacture amounting to no less than twelve thousand men, in addition to a great number of women and children. In the departments of silks, of linens, and of iron, too, there has been a great advance — stimulating the farmers to an extension of the cultivation of all the raw materials — silk, flax, and corn — required for those various manufactures.

* *L'Espagne en 1850*, par M. BLOCK, p. 145.

† BAYARD TAYLOR, in the *New York Tribune*. ‡ *L'Espagne en 1850*, p. 160.

With the growing proximity of the market, and declining tax of transportation, agriculture is becoming from year to year more and more a science. Thirty years since, the value of the agricultural product was estimated at only 232,000,000 of reals; whereas, five years since, it was returned at 450,000,000 — having almost doubled in less than five-and-twenty years. Then, the means of transporting produce were so bad that famine might prevail in Andalusia, and men might perish there in thousands, while grain wasted on the fields of Castile, because the *silos* of the latter no longer afforded room to store it. Even now, “in some districts, it is,” says a recent traveller, “a familiar fact, that the wine of one vintage has to be emptied, in waste, in order to furnish skins for the wine of the next—the difficulty and cost of transportation to market being such as utterly to preclude the producer from attempting a more profitable disposition of it. Staples of the most absolute and uniform necessity—wheat, for instance—are at prices absurdly different in different parts of the kingdom; the proximity to market being such as to give them their current value in one quarter, while in another they are perhaps rotting in their places of deposit, without the hope of a demand. Until such a state of things shall have been cured, it will,” as he adds, “be useless to improve the soil, or stimulate production in the secluded districts; and of course every circumstance which wears the promise of such cure must enter into the calculations of the future, and avail in them according to its probabilities.”*

This, however, is only what occurs in every country in which, because of the absence of the power of association and combination, the farmer is wholly dependent on distant markets, and is forced to pay the heavy tax consequent upon a necessity for effecting changes of place. The waste, here, is enormous, and, as a necessary result, the power to make new roads, or to improve the old ones, scarcely exists. Had the people of the districts above described, a market near at hand, in which their wheat could be combined with the wool that is shorn in their immediate neighborhood, they could export cloth, and *that* could travel even on the roads they have. As it is, they have to export both wheat and wool, and on such roads; whereas, if the artisan could, in accordance with the doctrines of Adam Smith, everywhere take

* WALLIS: *Spain Revised*, p. 828.

his place by the side of the ploughman and the shepherd ; and if women and children could thus be enabled to find other employment than in field-labor ; towns would grow up, men would become rich and strong, and better roads could readily be made. Even now, however, there is a rapidly increasing tendency towards the construction of railroads ; and not a doubt can be entertained that the modes of intercourse will soon be so improved as largely to approximate the prices paid by the consumer, and those received by the producer.* Such approximation, however, would not be in accordance with the doctrines of modern economists—disciples of the Ricardo-Malthusian school—who find compensation for the loss of population “in the great stimulus that extensive emigration will give to every branch of the shipping interest.”† The nearer the place of exchange, the fewer ships and seamen are needed, and the richer become the producer and the consumer—the number of persons among whom the total product is to be divided being then the least.

With increased power of association, there is a steady improvement in the provision for the development of the intellectual faculties. Half a century since, the whole number of students at all the educational establishments in the kingdom, was but 30,000,‡ and it had not materially varied in 1835 ; whereas, the number now in the public schools alone—for the support of which there is an annual appropriation of \$750,000—is above 700,000 ; or 1 to 17 of the population. The primary and other schools are 16,000 in number ; and, intermediate between these and the universities, there are numerous other institutions devoted to particular branches of education, some of which are provided for by government, while others are supported by the contributions of individuals.

The effect of the changes above described is being everywhere found in an increase of the value of land. The church property that has been sold, has “commanded an average of nearly double

* “By an official document published in 1849, it appears that while wheat sold in Barcelona and Tarragona (places of consumption) at an average of more than 25 francs, the price at Segovia, in Old Castile, (a place of production,) not three hundred miles distant, was less than 10 francs for the same quantity.”—*L'Espagne en 1850*, p. 181.

† *North British Review*, November, 1852 ; article, *The Modern Exodus*.

‡ M. de Jonnès, quoted by Mr. Wallis, p. 295.

the price at which it was officially assessed, according to the standard of value at the time of its seizure ;" and we need desire no better evidence of Spanish progress than is to be found in this single fact.

Commerce with foreign nations grows with the growth of commerce at home. In the three years, from 1846 to 1849, the import of raw cotton rose from 16,000,000 to 27,000,000 of pounds ; that of yarn from 5,200,000 to 6,800,000 pounds ; and that of bar iron from 5,400,000 to more than 8,000,000 ; and the general movement for the last thirty years has been as follows :—

	Imports, in francs.	Exports, in francs.
1827	95,235,000	71,912,000
1843	114,325,000	82,279,000
1846	157,513,000	129,106,000
1851	171,912,000	124,377,000
1852	172,000,000	166,000,000

As commerce grows, and as the consumer and the producer tend more and more to take their places by each other's side, the people acquire power to protect themselves, as is seen in the freedom of debate in the Chamber of Deputies ; and in the extent to which those debates, with their comments thereon, are made known throughout the kingdom by the writers of a newspaper press that, although much restrained, has been well characterized as being " fearless and outspoken." Thirty years since, Madrid had but two daily newspapers, both of them most contemptible in character. Five years since, they had grown to thirteen, with an aggregate circulation of 35,000 copies ; and yet Madrid had no commerce, and could furnish little advertising for their support.

With the increase of population and wealth — with the growth of the power of association — and with the development of individuality among the people — the government gradually acquires strength in the community of nations, and power to enforce its laws. Hence it is, that there has been a great decline in the English exports to Portugal and Gibraltar, heretofore the great smuggling depôts for English manufactures, as compared with those to Spain direct :—

	Portugal.	Gibraltar.	Spain.
In 1839	£1,217,082	£1,438,982	£262,281
1852	1,048,356	481,286	1,0298,598

The system that looks to trade, and that destroys commerce, tends towards the consolidation of the land — towards inequality in the conditions of men — and towards a diminution in the proportion of the physical and mental labor given to the development of the resources of the earth; and that such has been the tendency of the English system, wherever established, has been fully shown.

That of Spain now tends, as does that of Denmark, in the opposite direction — the result being seen in division of the land, in gradually increasing tendency towards equality of condition, and an increase in the proportion of the powers of the community given to the labors of the field. The change is slow, and for the reason, that both England and France are busily engaged in the effort to prevent the growth of manufactures in the Peninsula — believing, apparently, that their own increase in wealth and power is dependent upon the extent to which they can impoverish and weaken other communities of the world. At an expense ten times exceeding the profit on the trade with Spain, England retains Gibraltar, to be used, in defiance of treaty stipulations, as a smuggling dépôt; and her economists discern much advantage in the existing relations with Portugal, because of the facilities thus afforded for sending woollens and cottons “by contraband into Spain.”* In trade and war, the end sanctifies the means, and as the British policy looks only to the extension of trade, it is natural that British teachers should have arrived at the conclusion that the smuggler is “the great reformer of the age;” and that their government should afford every facility for the violation of the laws of all countries that seek, by means of protection, to promote the growth of commerce.

A more short-sighted policy than that of both those nations towards Spain cannot be imagined. By keeping her poor, they destroy her productive power, and prevent her from obtaining the ability to purchase the products of the land and labor of their people. Common sense, common honesty, and true policy, travel always together, whether in private or in public life; and where they are most combined, population tends most rapidly to increase, with constant decline in the dread of over-population.

* MACGREGOR: *Statistics*, vol. ii. p. 1122.

CHAPTER XXIV.

THE SAME SUBJECT, CONTINUED.

"GERMANY," says Professor List, the man to whose patriotic labors, the existence of the *Zoll-Verein* is due—"Germany owes her first progress in manufactures to the revocation of the Edict of Nantes, and to the numerous refugees—driven by that insane measure, into almost every part of Germany—who established manufactures of woollens, silk, jewelry, glass, china, gloves, and many other articles.

"The first public steps for the encouragement of German manufactures were taken by Austria and Prussia; in Austria, under Charles VI. and Maria Theresa, but more especially under Joseph II. Austria had previously suffered considerable injury by the expulsion of the Protestants, her most industrious inhabitants; after which event no solicitude for knowledge nor for mental culture could be traced in Austrian councils. Nevertheless, by the aid of protective duties, improvements in the rearing of sheep, in the construction of roads, and other encouragements, the industrial arts made remarkable progress as early even as the reign of Maria Theresa.

"That progress was still more rapid and successful under the energetic measures of Joseph II. It is true that at first the results were inconsiderable, because the emperor, as was his custom, precipitated this reform, and because Austria was then very far behind other states. It was then seen that it was not best to attempt too much at once, and that protective duties, to operate conformably to the nature of things, and so as not to disturb existing relations, must not be too high in the beginning. But the longer this system has

lasted, the more has its wisdom been revealed. Austria owes to it her present splendid industry and the prosperity of her agriculture.

“The industry of Prussia had suffered more than that of any other country from the ravages of the Thirty Years’ War. Her principal manufacture, that of cloths, in the March of Brandenburg, had been almost annihilated. The larger part of the manufacturers had emigrated to Saxony, for even then the import of English goods kept down every branch of industry. Happily for Prussia, the Revocation of the Edict of Nantes, and the persecution of the Protestants in the Palatinate and in the bishopric of Salzburg, took place at that time.

“The great elector comprehended now at a glance what before had been so clear to Elizabeth. Attracted by him, a great number of the fugitives made their home in Prussia — advancing its agriculture, introducing by their skill very many new branches of industry, and promoting both art and science. His successors followed his footsteps, but none with more zeal than that great king who was greater by his wisdom in peace than by his success in war. It is not here necessary to enumerate circumstantially the numberless measures by which Frederick II. drew to Prussia a large number of foreign cultivators, by which he improved waste lands, encouraged the formation of meadows, the culture of grasses, of animal food, vegetables, potatoes, and tobacco — by which he improved the breed of sheep, cattle, and horses, furnished mineral manures, &c., and aided agriculturists with capital and credit. If he encouraged agriculture by these direct means, he rendered it still more important service indirectly by promoting home manufactures under a protective system, established with that view, by facilitating the means of transportation, and by the institution of a bank of land credit. By these and similar measures he communicated a more powerful impulse to the progress of industry in Prussia than was felt in any other part of Germany.”

Next, “the continental blockade of Napoleon occurred, to form an era in the history of German, as well as in that of French, industry; though J. B. Say, the most celebrated disciple of Adam Smith, has stigmatized it as a calamity. It is acknowledged, however, in spite of theorists, and particularly of English theorists — all those who are acquainted with German industry bear witness, and all enlightened statisticians furnish the evi-

dence — that with that blockade commenced the upward impulse of German manufactures of every kind ; the progress in the breeding of sheep, previously begun, became then distinctly visible ; the improvement of the means of communication received then, for the first time, due consideration. It is true that Germany lost, in great part, her former export trade, especially in linens ; but the new profits largely exceeded the loss, especially for the manufactures of Prussia and Austria, which had got the start of all others in Germany.

“ At the return of peace, the manufacturers of England renewed, or continued, their formidable competition with those of Germany ; for during a period of reciprocal restraint new inventions, and the almost exclusive possession of the market of the world, had given them an immense superiority : better provided with capital, they could furnish better goods and at lower prices, and give much longer credits, than the Germans, who had still to struggle against the difficulties of a commencement. A general ruin and great distress ensued among the latter, and especially among the manufacturers of the Lower Rhine — that region which, having been for many years attached to France, was now shut out from the market of that country. The former Prussian tariff had undergone many modifications in the direction, or interest, of absolute free trade, but had proved no sufficient protection against English competition. Prussian bureaucracy, however, resisted for a long time all demand for assistance. It had been too deeply imbued through its universities with the theory of Adam Smith,* promptly to comprehend the wants of the time. There were in Prussia at that time economists who dared even to propose the resuscitation of the Physiocratic system, then many years dead.

“ But here again the nature of things was stronger than theory. A deaf ear could no longer be turned to a cry of distress coming from manufactrners, the more especially when that cry came from

* In no part of the work from which this extract is taken, does its author do justice to Adam Smith, every portion of whose book is a protest against the system which looks to cheapening the raw materials of manufacture by producing a necessity for sending them abroad ; and to increasing the price of manufactured articles by preventing the artisan from taking his place by the side of the ploughman. Dr. Smith was not always right, but he was very generally so. Modern political economy, as has before been said, has very generally rejected him when he was right ; or has so used him as to cause him to stand responsible for the correctness of views that, had he been alive, he would indignantly have denounced as utterly erroneous.

the industry of a country which longed for its former union with France, and in which it was important for Prussia to maintain a good feeling. The opinion was then gaining ground that the English government favored, and very efficiently, the inundation of the continental markets with manufactured goods, for the purpose of smothering in the cradle the infant manufactures of the continent. That opinion has been ridiculed; but it was not surprising that such opinions prevailed, as the conduct of England was precisely that which such a policy dictated. The inundation took place precisely as if predetermined: an illustrious member of Parliament, Henry Brougham, afterwards Lord Brougham, had plainly declared in 1815 that 'England could afford to incur some loss on the export of English goods, for the purpose of destroying foreign manufactures in their cradle.' That thought of a man since so celebrated as a cosmopolite and liberal philanthropist, was ten years later reproduced, almost in the same terms, by another member of Parliament, not less famed for his liberal views, Mr. Hume, who also desired 'that the manufactures of the continent should be strangled in the cradle.'

"The petition of the Prussian manufacturers was heard at last — rather late, it is true, for they had been for years struggling between life and death — and the evil was corrected by the hand of a master. The Prussian tariff of 1818 met, at the time of its enactment, all the wants of Prussian industry, without unduly increasing the required protection, and without restricting the needful relations of Prussia with foreign countries. This tariff was very much more moderate in its duties than those of England and of France, as it should have been; for the object was not to pass by degrees from the prohibitive to the protective system, but from what is called free trade to protection. Another eminent merit of that tariff, considered as a whole, was, that the duties were chiefly specific according to the weight, and not *ad valorem*. Smuggling and under-valuation were thus not only prevented, but another great end was attained: articles of general consumption, which every country can most easily manufacture for itself, the home production of which was the more important on account of the high figure of its total value, were visited with the heaviest duties—these protective duties being reduced in proportion to the fineness and higher price of the goods; consequently, the tempta-

tion, as well as the possibility, of smuggling existed only where there was little or no interference with home industry.

"This system of specific duties by weight, as may be readily imagined, bore more heavily upon the trade with other German states than upon the foreign trade. The small interior states of Germany, already excluded from the markets of Austria, France, and England, were also almost entirely excluded from the markets of Prussia. This blow was the more sensibly felt, because many of them were wholly or partially enclosed by provinces of Prussia." *

§ 2. Germany was, at that date, totally disunited — each of its states having its local custom-house, and each being anxious to increase its revenue by throwing obstacles in the way of commerce. In 1819, however, Prussia succeeded in effecting an arrangement with several of the smaller states — Saxe-Weimar, Mecklenburg, and others — in virtue of which the Prussian tariff became the general one, and the custom-houses were removed to the general frontier — the revenue thence arising being divided among the several contracting parties in the ratio of population. The measures adopted by the other German powers were, however, says a recent writer, "of a nature to cause the most serious doubts as to the possibility of ever securing their accession to the principles of the protective system. On the other hand," as he continues, "Prussia never ceased to appeal to the commercial interests of the various German states, and even effected, at different periods, the convocation of commercial congresses — as, for example, at Darmstadt in 1821, at Frankfort in 1823, and at Stuttgart in 1825 — but the result was unfavorable to her cause, which seemed utterly hopeless. In 1827, Wurtemberg and Bavaria were persuaded to conclude at least a treaty of commerce with the Union, but they could not be induced to join it.

"At the head of the opposition stood Hanover, entirely controlled by British influence; Saxony, whose nobles had maintained a kind of free trade; and Hesse, where feudal interests are still very potent. Under their auspices, a confederation of thirteen states was organized in 1828, with a view to checking the progress of the pernicious doctrines of protection. Another union was formed in 1830, more, however, in opposition to Prus-

* LIST: *National System of Political Economy*, pp. 158–158.

sia than against her heresies. Both failed, and were dissolved in 1831, when Hesse abandoned their cause to join the Prussian league, which she declared offered to her greater financial advantages. The example of Hesse was not without its consequences. She had at last discovered the secret of the growth of the national strength of Prussia, and the other states soon followed the dictates of their interests. The event formed a turning-point in the history of the German Union, which may be said to have commenced with the year 1831. All it has accomplished dates from that recent period. Several of the smaller states then, in rapid succession, espoused the cause they had so long opposed. In 1833, Bavaria, Wurtemberg, and the kingdom of Saxony did the same; so that in December of the same year the Union counted 14,800,000 of people. In 1834, they had increased to 23,500,000. In 1835, Baden, Nassau, and Frankfort joined their number. In 1839, the federation extended over 20,000 square miles, with a population of 27,000,000; and in 1852, it had reached 32,600,000. — In 1834, the revenue amounted to about 12,000,000 thalers; in 1837, to 16,000,000; and in 1852, to 22,000,000. Treaties of commerce and navigation were concluded with Holland in 1839; with Turkey, in 1840; with Great Britain, in 1841; with Belgium, in 1844; and with Sardinia, in 1845. Austria maintained a hostile attitude against these proceedings till 1853, when she concluded a treaty of commerce with Prussia, as a preliminary step to her joining the Union of Customs as soon as she could succeed in reconciling the interests of the different classes of her population with the change. With the accession of the German dominions of Austria, the Union of Customs will embrace some 45,000,000 of people.”

Thus was accomplished the most important movement of the past half century, and one of the most important in the annals of Europe. By it, all Northern Germany has become one great society, with perfect freedom of circulation throughout its various parts—retaining, however, all the local centres of activity it had before possessed. Saxony and Bavaria, Prussia and Hanover, preserve their perfect individuality—governing themselves in their own manner, and combining with their neighbors in measures having for their object, the more perfect development of individuality among their various population.

§ 3. How far that object has been attained, and how far the measures of protection have tended towards diversifying employments, and thus fitting each and every man for more perfect association with his fellow-men, is shown by the following facts :—

Forty years since, Great Britain received from Germany only 3,000,000 of pounds of wool; but, with the decline of German manufactures, the export of raw materials so largely increased that in 1825, the receipts in England from that source alone amounted to no less than 28,000,000 — a large portion of which was paid for in woollen cloth sent from England to Germany. Such being the state of the trade, it follows, necessarily, that wool in the latter must have been cheaper than in the former, while cloth must have been dearer — the prices of the two being widely distant from each other.

In 1851, the quantity of wool and woollen yarn *imported* into Germany amounted to 34,000,000 of pounds, and the quantity *exported* to 9,000,000 — leaving not less than 25,000,000 as the *net* import, and proving that wool in Germany must have been higher than in other countries. In the same year, the quantity of woollen cloth exported amounted to 12,000,000 of pounds — proving that it must have become cheaper than in other countries. The prices of raw material and finished articles had steadily approximated to each other, and thus was furnished the most conclusive evidence of advancing civilization.

With every step in the progress towards approximation, the producer of food and wool is enabled to consume more largely of all the commodities required for the maintenance of his powers. That such has been, to a wonderful extent, the case in Germany, is shown by the following facts :—

The export of wool to Great Britain alone, thirty years since, was, as has been seen, 28,000,000; but since that time the production has so largely increased that, were the domestic consumption no greater, the export would probably be at least twice as great. Not only, however, is all the cloth made from this wool now consumed at home, but thereto is added a large quantity of foreign wool — the *net* import thereof being 26,000,000, while the *net* export of cloth is but 7,000,000 of pounds. Bringing these two quantities together, we obtain not less than 50,000,000, and more probably 60,000,000, as the quantity added to the domestic con-

sumption, as a consequence of approximation in the prices of raw material, and those of finished commodities.*

Twenty years since, the import of cotton, and cotton yarn, into *Prussia* amounted to 16,000,000 of pounds—having increased in the twelve years that had then elapsed, but 6,000,000. The movement in the *Zoll-Verein*, in the period that has since elapsed, is thus given :—

	1836.		1845.		1851.
Cotton.....	152,864 cwts.	.....	443,847 cwts.	.....	691,796 cwts.
Cotton twist.....	244,869 “	.....	574,808 “	.....	676,000 “
	<hr/> 397,233 cwts.		<hr/> 1,018,150 cwts.		<hr/> 1,862,796 cwts.

The export of yarn and cloth in this latter year amounted to 159,241 hundredweights—leaving for domestic consumption more than 1,200,000 hundredweights, or 130,000,000 of pounds ; and proving, first, that cotton cloth had become very cheap ; second, that the power of consumption among the agricultural population had largely increased. That increase was a necessary consequence of the enlargement of the market for labor, and for the products of land, resulting from the extension of this manufacture. The weight of cotton goods exported was, as we see, less than an eighth of that of the wool and yarn imported ; and yet, the value of that small quantity was 20,000,000 of thalers = \$14,000,000 — being almost enough to pay for the whole import. At least three-fourths of this large sum consisted of labor representing German food, thus enabled readily to go to distant countries.

Thirty years since, Germany supplied the world with rags, and imported paper, of which her consumption was then but small. In 1851, all had changed, the *net* import of the first having been 37,000,000 of pounds—the *net* export of the last having risen to 3,500,000. In the first period, rags were cheaper than in other countries, while paper was dearer. In the second, rags were dearer, while paper was cheaper. The prices of the two had greatly approximated ; and therefore had the consumption of paper so much increased as to absorb not only the whole quantity produced at home, but, in addition thereto, more than 30,000,000 pounds produced abroad. The reader will more fully appre-

* The consumption of woollen stuffs in *Prussia*, in 1805, was $\frac{3}{4}$ of an ell per head. In 1842, it had risen to 18 ells.—*Der Volkswohlstand im Preuss. Staate*, quoted by KAY, vol. i. p. 265.

ciate the value of these facts when he reflects how large must have been the domestic production of rags, resulting from an addition to the consumption of cotton amounting to more than 100,000,000 of pounds weight.

In 1830, the quantity of coal that was mined was but 7,000,000 *tonnes** — and adding thereto 1,200,000 of brown coal, we have a total of 8,200,000. In 1854, the first had increased to 34,000,000, and the last to 12,000,000 — making a total of 46,000,000.

In 1834, there were made 76,000 tons of bar iron. In 1850, the quantity had risen to 200,000; and the pig iron that was made amounted to 600,000 tons.† The present consumption of the *Zoll-Verein* is given at fifty pounds per head, per annum — being more than in any country of Europe except France and Belgium; and more than in any country of the world, except the two already named, Great Britain, and the United States.‡ It is, however, the first step that is always the most costly, and the least productive. Every furnace that is built, and every mine that is opened, tends to facilitate the further progress in the same direction — because each and every of them tends to promote association and combination. In 1849, not a furnace was to be seen in the neighborhood of Minden, in Westphalia, but “now,” says a recent traveller, “they stand like towers about the broad plain” — making a vast demand for food, clothing, and labor. Of the 80 copper-mines of Prussia, no less than 24 have been opened within the last few years. Every mine, every furnace, and every mill, aids in the creation of new roads and the improvement of old ones — facilitating the opening of new mines, the utilization of the powers of nature, and the development of mind; and thus increasing the value of man while diminishing that of all the commodities required for his use.§

The value of cotton and woollen goods exported in 1851 was 36,000,000 of thalers = \$25,000,000 — the chief part of which large sum consisted of the food that had been combined with the

* The Prussian *tonne* contains 391 pounds.

† HEWITT: *Statistics of the Production of Iron*, p. 12.

‡ Ibid. p. 18.

§ In 1820, the revenue to the state from the Prussian mines, was 572,000 thalers; whereas, at the present time it is 2,489,188 — having more than quadrupled. At twenty-five years' purchase, we have here a creation of capital amounting to nearly 60,000,000 thalers.

wool, in the process of converting it into cloth. As a consequence of this, the necessity for going abroad to find a market for food had so greatly decreased, that the *net* export from the country, that only thirty years since was the granary of Europe, was but 10,000,000 bushels.

§ 4. The greater the development of the individual faculties, the more perfect becomes the power of association, and the less is the need for going abroad to make exchanges, but the greater is the power to obtain improved machinery of transportation—the motion of society, in whatsoever direction, being one of constant acceleration. Throughout the whole Prussian State, Poland included, there is now a mile of railroad for less than ten miles of surface, and when the roads in progress shall have been completed, there will be more than one for every five miles. The amount now being expended for this purpose, is given at \$14,000,000, yearly—the whole of that great sum being supplied by the German people, while largely contributing to the construction of roads elsewhere.

Local combination keeps steady pace with the growth of the power of association throughout the State—joint stock companies being everywhere formed, for the various purposes of mining coal and ore, making cloth, constructing roads, building steamers, and granting security against the risk of loss by fire. With every step in that direction, local centres grow in number and in strength—cities springing up where, but a few years since, a scanty harvest was all that could be obtained from the reluctant soil. With each, the farmer finds his market brought more nearly to his door, with growing power to command the improved machinery required for his purposes. With each, the demand for labor grows—rendering it more and more necessary, that he should invoke the aid of steam, and thus increase his wealth.

“Thousands of strong arms,” says a recent writer, “to which farming formerly gave employment, are now engaged in mechanical employments; but, though the arms no longer labor in the production of means of sustenance, the stomachs pertaining thereto, must be as well filled as they before had been. The revenue of these laborers having increased, they consume, in their violent labor, more nerve and muscle substance, and they

require more food and drink than formerly; and, as they are able to pay for these, they cause a more extensive demand for the products of the soil. On the other hand, the ranks of the husbandmen are thinning out, and the farmer is threatened with the danger of being unable to obtain, at any price, hands to work his fields. * * Ten years ago," as he continues, "there was nothing said amongst us, of improvements in farming apparatus—the soil being turned over by the same plough, that the German of Tacitus, clothed in skins, used to lean his weight upon. The spade, the pick, the harrow, the chopper, and the flail—these were the simple tools of the workman on the largest farms, as in the poorest peasant's garden. Whoever, then, introduced into his service a steam-engine, a sowing or mowing machine, was looked at doubtfully, as likely to become a bankrupt. Now, all this apparatus, with twenty kinds of ploughs, is in constant use. We ditch, drain, and irrigate, and we manure with guano, salt-petre, and bone-dust—whatever, in fact, chemistry recommends. The then popular three-field system of agriculture, with its frequent fallow years, having at length given way to the rational system of rotation of crops, and cultivation of fodder, our farmers have already commenced the plan of changing their manures, in place of changing their crops."

The quantity yielded by the land is steadily increasing, with constant rise of prices—"living, in the smallest town of Westphalia, having become," says the same writer, "as expensive as it is in Berlin." The people, consequently, acquire "more economical habits of life, and become more refined in their tastes and amusements—the universal habit of travel which the railroads have fostered, having already increased the range of their vision, and bestowed new susceptibilities upon their minds. The most remote provinces are brought into communication with the central points of civilization—manners, habits, and ideas spreading themselves with marvellous rapidity, and the advantages of the larger cities becoming open to all. It was formerly the custom for apprentices to spend several years in travelling—gaining new experiences of the world and of mankind, and gathering ideas to aid them in their business and their lives. During his entire life, the mechanic looked back with fond regret upon the time when he, a happy 'journeyman,' with bundle on his back,

roamed gayly from town to town, from land to land, begging from each the accustomed contribution. Now, however, all this is changed. All travel more frequently—acquiring new experiences, to be in turn communicated to those whom necessity or inclination has kept at home.

“Formerly, when it was a journey of days, or perhaps weeks, from the more distant provinces to Berlin, there were persons frequently to be met with, who had never seen the capital. Now, however, there are comparatively few among the better educated, who have never visited Berlin; while the civil functionaries, and higher grades of mechanics, are actually obliged to go there, in order to pass their examinations, and receive their requisite certificates. Private persons, also, endeavor to pay a visit to the capital, once at least in their lives. This, as will readily be imagined, has resulted in important changes in the provincial towns and cities—refining and improving their inhabitants.”

The picture thus presented of the Prussian State, is equally true of Northern and Central Germany, in its whole extent. Land and labor are everywhere rising in price, and everywhere, therefore, presenting the most conclusive evidences of advancing civilization. The laborer has more money to expend, while the finished commodities required for his use, become daily cheaper. Everybody having more to expend in the purchase of what had previously been regarded as the luxuries of life, we can now readily comprehend the cause of the great increase in the consumption of paper, and of cotton and woollen goods produced at home; and in the import of finer commodities produced abroad.

§ 5. How this has affected the power to maintain commerce with the world at large, is shown by the following facts:—In 1825, there were carried on the Elbe, downwards, 110,600 tons, and upwards, 66,000 tons—the former consisting chiefly of corn and wool, to be paid for in cloth and hardware. A quarter of a century later, the course of things had so much changed, that the cargoes downward were little more than half as much in bulk as those upward—the former amounting to 174,000 tons, and the latter to 315,000. Instead of sending abroad raw wool and food with which to purchase cloth, cloth itself was being sent with which to purchase wool and sugar.

The general effect upon commerce is, however, more fully exhibited in the following table — representing the contributions, *per head*, to the customs revenue of the Union, given in silver *groschen*, of which forty-five go to the American dollar:—

1834 18	1841 24	1848 23
1835 21	1842 25	1849 24
1836 22	1843 28	1850 23
1837 21	1844 28	1851 24
1838 23	1845 29	1852 26
1839 24	1846 28	1853 23
1840 24	1847 28	

We have here a steady increase in the consumption of duty-paying merchandise from the commencement of the Union to the year of revolution, 1848, since which time the amount has never regained the point at which it before had stood. In the natural course of things, however, the customs revenue *should* decline — the tendency of the protective system being that of so far cheapening those coarser articles of manufacture, which pay the highest duties, as finally to stop their import altogether — and towards the substitution therefor, of luxuries which gradually enter into the category of necessities, and upon which, because of the facility with which they may be smuggled, lighter duties are collected. A million of dollars' worth of pictures would not, probably, pay as much duty on entering the *Zoll-Verein*, as would be paid by a hundred tons of cotton yarn.

§ 6. The facts above given prove—

First. That the prices of the raw products of Germany have tended upwards, to the benefit of her farmers, and to that of the agricultural interest of the world at large.

Second. That the prices of all manufactured commodities have tended downward—enabling the farmer to profit doubly: first, by obtaining more of the precious metals for his corn; and, second, by obtaining more cloth for any given quantity of those metals.

Third. That the reduction in the cost of conversion has been so great, as to enable the people of Germany largely to supply the world with food and wool in the form of cloth; and thus to aid the farmers everywhere in obtaining supplies of clothing.

Fourth. That the improved condition of the German farmers

has enabled them greatly to increase their demands upon the tropical countries for cotton, coffee, rice, and other rude products of the earth.

Fifth. That under the system of Colbert, now adopted in that country, commerce tends steadily to grow, while the power of the trader tends as regularly to decline.

Sixth. That, with increase of commerce, there has been a rapid increase of individuality in the great community that has now been formed, manifested by a steady and regular increase of revenue, entirely uninfluenced by the great crisis of 1840'-42; and but slightly affected even by the revolutionary movements of Western Europe in 1848.

These results correspond precisely, as the reader will perceive, with those obtained in France, Spain, and Denmark; while they are directly the reverse of those observed in Ireland and India, Turkey and Portugal.

§ 7. In no country has there been a more rapid increase in this diversification of employments, and increase in the demand for labor, than the one now under consideration. Everywhere, men are now becoming enabled to combine the labors of the workshop with those of the field and the garden, "the social and economical results" of which combination cannot, says a recent and very observant English traveller,* "be rated too highly. The interchange of garden-labor with manufacturing employments, which is advantageous to the operative who works in his own house, is a real luxury and necessity for the factory operative, whose occupations are almost always necessarily prejudicial to health. After his day's labor in the factories, he experiences a physical reinvigoration from moderate labor in the open air, and, moreover, he derives from it some economical advantages. He is enabled by this means to cultivate at least part of the vegetables which his family require for their consumption, instead of having to purchase them in the market at a considerable outlay. He can sometimes, also, keep a cow, which supplies his family with milk, and provides a healthy occupation for his wife and children when they leave the factory."

* KAY: *The Social Condition and Education of the People of England and Europe*, vol. i. p. 256.

As a consequence of the creation of a domestic market, the farmer has ceased to be compelled to devote himself exclusively to the production of wheat, or other articles of small bulk and large price, and can now "have a succession of crops like a market gardener"—finding employment for his land, and for his own labor, at every season of the year, and placing him, to a considerable extent, beyond the reach of those accidents by which the distant farmer, dependent on a single crop, is so often ruined.*

The close proximity of the market exempting him from the tax of transportation, he is enabled to obtain the full value of the commodities he raises, and to bring back a part thereof in the manure produced in the neighboring town or city; and the more perfect his power so to do, the greater is the product of the soil, and the more rapid is the increase in the value of the land, and of the man who cultivates it.†

§ 8. Under such circumstances, every description of soil becomes utilized.‡ The character of that of "each district," says

* "No means are spared to make the ground produce as much as possible. Not a square yard of land is uncultivated or unused. No stones are left mingled with the soil. The ground is cleared of weeds and rubbish, and the lumps of earth are broken up with as much care as in an English garden. If it is meadow-land, it is cleaned of obnoxious herbs and weeds. Only the sweet grasses which are good for the cattle are allowed to grow."—*Social Condition*, &c., vol. i. p. 118.

† "At noon the markets close, and before one o'clock the places are clear, every evidence of them is swept away, and not a leaf or pea-pod remains to tell the tale. Now, if you chance to be out of town, you will meet the peasants and small farmers by hundreds returning to their villages, three, five, ten miles away. Their baskets and their wagons are filled with any garbage which cow or pig can consume; and hence it is that you never—never in any instance have I seen it—see piles of cabbage-stalks, turnip-tops, and other component parts of the ornamental pyramids so common in New York. I never fail in any German city to visit the markets. It is one of the best means of seeing the people, besides being a most interesting and amusing sight in itself—in the Rhine cities especially."—*Correspondence of the New York Tribune*.

‡ "The fact that every half-bushel of potatoes, or mess or two of beans or peas, can be carried into town and sold at the regular retail price, so that whatever profit there may be upon them comes at once into the producer's pocket, leads to a thoroughness of cultivation of every foot of ground of which we at home have no conception. No land remains idle. I came over a small tract of building lots the other day, just outside the wall, near the Stettin Railway station, and entered into conversation with a man who was hoeing potatoes. All sand as it is, he told me that if the gardeners can get possession of these bits of land for two or three seasons, they can make them pay well. And, from the huge heap of compost which was forming in one corner, it was clear to my mind that even a sand-bank may be cultivated

Mr. Kay, "is carefully examined, and a suitable rotation of crops is chosen, so as to obtain the greatest possible return without injuring the land; and the cattle are well housed, are kept beautifully clean, and are groomed and tended like the horses of our huntsmen." *

Agriculture thus becomes a science; and therefore it is, that the power of land to yield food increases with every increase in the perfection to which the raw products of the earth are carried, by means of the labors of the people among whom they are raised. The more labor thus applied, the greater is everywhere the quantity of time and mind that can be given to the utilization of the powers of the earth, and to the augmentation of the quantity of things requiring to be converted. Everywhere throughout Germany, "there is," says Dr. Shubert, "a singular and increasing interest in agriculture and in the breeding of cattle; and if in some localities, on account of peculiar circumstances or of a less degree of intelligence, certain branches of the science are less developed than in other localities, it is, nevertheless, undeniable that an almost universal progress has been made in the cultivation of the soil and in the breeding of cattle. No one can any longer, as was the custom thirty years ago, describe the Prussian system of agriculture by the single appellation of the three-year-course system; no man can, as formerly, confine his enumeration of richly-cultivated districts to a few localities. In the present day, there is no district of Prussia in which intelligence, persevering energy, and an ungrudged expenditure of capital, have not immensely improved a considerable part of the country for the purposes of agriculture and the breeding of cattle." †

where the inducement is sufficient. On one side of this lot they were carting away sand to a depth of over ten feet, but the potatoes (in drills) looked exceedingly well. This reminded me of a German gardener whom I knew in Brooklyn. He took a 'cat-a-cornered' bit of land — building spots — on lease for three years. It was a hard, dry, down-trodden, unpromising piece, such as would have made a Yankee despair. The first year it was all out-go; the second, it nearly paid its way; the third, the man and his wife made enough to pay them handsomely for their time, capital, and labor from the beginning. His business was, however, mainly with flowers—under the present system vegetables will not pay." — *Ibid.*

* *Social Condition, &c.*, vol. i. p. 118.

† *Handbuch der Allgemeinen Staatskunde*, vol. ii. p. 5; quoted by Kay, vol. i. p. 120.

Speaking of that portion of Germany which lies on the Rhine and the Neckar, Professor Rau, of Heidelberg, says that—

"Whoever travels hastily through this part of the country must have been

"Science," says Mr. Kay, is everywhere "welcomed." Each small farmer, as he continues, "is so anxious to emulate and surpass his neighbors, that any new invention which benefits one is eagerly sought out and adopted by the others."* Such are the effects of that commerce which results from diversification in the demands for human power, muscular and mental, and gives value to land and man.

§ 9. The land of Germany is much divided. To some extent, this has been, as in France, the work of governments; but, that which was thus begun, has been still further carried out by aid of the system which increases the price of land, while adding value to the man by whom it is cultivated. *Where such is the course of affairs, men cannot afford to hold land in large quantities*, because it cannot be made to pay as much income, as could be obtained in the form of mere interest upon the price at which it could be sold. The division of the land among the men who cultivate it comes, therefore, in virtue of a general law from which there is no escape, except in the pursuit of a course tending to destroy the value of the soil, and of the man by whom it is cultivated; as has been already so well accomplished in Ireland and in India. Everywhere throughout Germany the land is highest

agreeably surprised with the luxuriant vegetation of the fields, with the orchards and vineyards which cover the hillsides, with the size of the villages, with the breadth of their streets, with the beauty of their official buildings, with the cleanliness and stateliness of their houses, with the good clothing in which the people appear at their festivities, and with the universal proofs of a prosperity which has been caused by industry and skill, and which has survived all the political changes of the times." * * * "It is easy to perceive that the peasant of this district really understands his business. He can give reasons for the occasional failures of his operations; he knows and remembers clearly his pecuniary resources; he arranges his choice of fruits according to their prices; and he makes his calculations by the general signs and tidings of the weather." — *Landwirthschaft der Rheinpfalz*.

The people of this country "stand untutored," says Mr. Kay, "except by experience; but," he continues —

"Could the tourist hear these men in their blouses and thick gaiters converse on the subject, he would be surprised at the mass of practical knowledge they possess, and at the caution, and yet the keenness, with which they study these advantages. Of this all may rest assured, that from the commencement of the offsets of the Eifel, where the village cultivation assumes an individual and strictly local character, good reason can be given for the manner in which every inch of ground is laid out, as for every balm, root, or tree that covers it." — *Social Condition*, &c., vol. i. p. 180.

* Ibid. p. 149.

in price where it is most divided into small properties, and the small proprietors have increased in prosperity in the direct ratio of the increase in the prices they have paid for their land—that increase being consequent upon a growing exemption from the first and most oppressive of all taxes, that of transportation.*

The disappearance of large properties in Germany proceeds, *pari passu*, with that of small ones in Great Britain—the one being a necessary consequence of increase in the power to maintain commerce, and the other of increasing subjection to the domination of trade. In the one, individuality is steadily growing, with constant increase in the quantity of produce obtained from the soil; whereas, in the other, it is as steadily declining, with rapid diminution in the proportion borne by the food produced to that required for its growing population.† In the former, land is constantly changing hands, and “people of all classes,” says Mr. Kay, “are able to become proprietors. Shopkeepers and laborers of the towns purchase gardens outside the towns, where they and their families work in the fine evenings, in raising vegetables and fruit for the use of their households; shopkeepers, who have laid by a little competence, purchase farms, to which they and their families retire from the toil and disquiet of a town life; farmers purchase the farms they used formerly to rent of great land-owners; while most of the peasants of those countries have purchased and now live upon farms of their own; or are now economizing and laying by all that they can possibly spare from

* “They are gradually acquiring capital, and their great ambition is to have land of their own. They eagerly seize every opportunity of purchasing a small farm; and the price is so raised by the competition, that land pays little more than two per cent. interest for the purchase-money. Large properties gradually disappear, and are divided into small portions, which sell at a high rate. But the wealth and industry of the population are continually increasing, being rather through the masses than accumulated in individuals.”—*Social Condition, &c.*, vol. i. p. 188.

† “There can be no doubt that five acres, the *property* of an intelligent peasant, who farms it himself, in a country where the peasants have learned to farm, will always produce much more per acre than an equal number of acres will do when farmed by a mere *leasehold* tenant. In the case of the peasant proprietor, the increased activity and energy of the farmer, and the deep interest he feels in the improvement of his land, which are always caused by the fact of *ownership*, more than compensate the advantage arising from the fact that the capital required to work the large farm is less in proportion to the quantity of land cultivated than the capital required to work the small farm.”—*Ibid.* vol. i. p. 118.

their earnings, in order therewith, as soon as possible, to purchase a farm or garden."*

"The life of a peasant in those countries where the land is not kept by the laws from subdividing, is," as Mr. Kay most truly says, "one of the highest moral education. His unfettered condition stimulates him to better his condition; to economize, to be industrious, to husband his resources, to acquire moral habits, to use foresight, to gain knowledge about agriculture, and to give his children a good education; so that they may improve the patrimony and social position he will bequeath them."† Agriculture, therefore, becomes from year to year more and more productive; and hence it is that no complaints are here, as in Great Britain, made in regard to growing pauperism. The system of the one looks to the development of the habit of self-reliance; that of the other, to its annihilation.‡

Where, however, in Germany itself, are these effects most fully exhibited? It is in the country of most industrial development, Central Germany. "In the north," says a recent writer, "we see a monotonous continuation of wheat-fields, potato-grounds, meadow-lands, and vast heaths; and there is the same uniformity of culture over large surfaces in the southern table-lands, and Alpine pastures. In Middle Germany, on the contrary," as he continues, "there is a perpetual variety of crops within a short space; the diversity of land surfaces, and the corresponding variety in the species of plants, are an invitation to the splitting up of estates, and this again encourages, to the utmost, the motley character of the cultivation." In the one, we have *centralized* land; in the other, *decentralized* land; "a distinction," says the same writer, "well symbolized by the fact that North and South Germany possess the great lines of railway which are the medium of the traffic of the world, while Middle Germany is far richer in lines for local communication, and possesses the greatest length

* *Social Condition, &c.*, vol. i. p. 58.

† *Ibid.* p. 200.

‡ "It [the English and Irish system of land tenure] deprives him of every worldly inducement to practise self-denial, prudence, and economy; it deprives him of every hope of rising in the world; it makes him totally careless about self-improvement, about the institutions of his country, and about the security of property; it undermines all his independence of character; it makes him dependent on the workhouse, or on the charity he can obtain by begging at the hall; and it renders him the fawning follower of the all-powerful land-owner." — *Ibid.* p. 290.

of railways within the smallest space." * The one is the land of trade ; whereas, the other is that of commerce.

§ 10. The admirable effects of growing commerce are visible everywhere in the increasing lightness of labor, and in the moral, physical, and intellectual improvement of the people. Far less time is there given to mere labor than in England ; and more to healthy and improving recreation ; while their amusements are of a higher and more healthy character. " Indeed," says Mr. Kay, " it may be safely affirmed, that the amusements of the poor in Germany are of a higher character than those of the lower part of the middle classes in England." † Almost everybody is educated—only two in every hundred of the young men of twenty-one years of age being unable to read and write. Combining together, four or five families of laborers take newspapers for themselves ; while even the poorer classes read translations of Scott's novels, and other foreign works, in addition to those of the principal writers of Germany. " Taken altogether," says the same writer, " the moral and social condition of the peasants and operatives of those parts of Germany, Holland, Switzerland, and France, where the poor have been educated, where the land has been released from the feudal laws, and where the peasants have been enabled to acquire property, is very much higher, happier, and more satisfactory than that of the peasants and operatives of England ; and while these latter are struggling in the deepest ignorance, pauperism, and moral degradation, the former are steadily and progressively attaining a condition, both socially and politically considered, of a higher, happier, and more hopeful character." ‡

The extensive possession of property produces here, as everywhere, respect for the rights of property. " In the neighborhood of towns," says Mr. Kay, " the land is scarcely any where enclosed, except in the case of the small gardens which surround the houses, than in the more rural districts. Yet this right is seldom abused. The condition of the lands near a German, or Swiss, or Dutch town is as orderly, as neat, and as undisturbed by trespassers as in the most secluded and most strictly preserved of our rural dis-

* RINHL : *Land und Leute*, quoted in the *Westminster Review*, July, 1866 ; article, *Natural History of German Life*.

† *Social Condition*, &c., vol. i. p. 285.

‡ *Ibid.* p. 7.

tricts. All the poor have friends or relations who are themselves proprietors. Every man, however poor, feels that he himself may, some day or other, become a proprietor. All are, consequently, immediately interested in the preservation of property, and in watching over the rights and interests of their neighbors."*

§ 11. Where employments are diversified, land acquires value, and becomes divided; and then it is that men become free. The English trading system tends in the opposite direction — towards the consolidation of property in land; and therefore it is, that "the English laborer is," says Mr. Howitt, "so cut off from the idea of property, that he comes habitually to look upon it as a thing from which he is warned by the laws of the great proprietors, and becomes, in consequence, spiritless, purposeless." "The German bauer, on the contrary," as he continues, "looks on the country as made for him and his fellow-men. He feels himself a man; he has a stake in the country as good as that of the bulk of his neighbors; no man can threaten him with ejection or the workhouse, so long as he is active and economical. He walks, therefore, with a bold step; he looks you in the face with the air of a free man, but of a respectful one."†

Eighty years since, the Elector of Hesse sold large numbers of his poor subjects to the government of England to aid it in establishing unlimited control over these American colonies. Then, Frederick of Prussia had his emissaries everywhere employed in seizing men of proper size for his grenadier regiments; and so hot was the pursuit, that it was dangerous for a man of any nation, or however free, if of six feet high, to place himself within their reach. The people were slaves, badly fed, badly clothed, and badly lodged, and their rulers were tyrants. The language of the higher classes was French, German being then regarded as coarse and vulgar; and as fit only for the serf. German literature was then only struggling into existence. Of the mechanic arts little was known, and the people were almost exclusively agricultural, while the machinery used in agriculture was of the rudest kind. Commerce at home was very small, and abroad it was limited to the export of the rude products of the

* *Social Condition, &c.*, vol. i. p. 249.

† *Rural and Domestic Life in Germany*, p. 27.

field to be exchanged for the luxuries of London or Paris demanded by the higher orders of society.

Forty years later, the trade in man furnished cargoes to many, if not most, of the vessels that passed between the United States and Bremen, or Hamburg. Men, women, and children, were brought out and sold for terms of years, at the close of which they became free; and many of the most respectable people in the Middle States are descended from these "indented" German servants. Now, Germany stands first in Europe in point of intellectual development, and is advancing in the physical and moral condition of her people, with a rapidity exceeding that of any other portion of the Eastern hemisphere.*

Thirty years since, Germany was a collection of small states, constantly in opposition to each other. Now, her system has taken upon itself that natural form in which local attraction grows rapidly — balancing central action, and maintaining order and harmony throughout the whole. Then, Germany was still liable to derangement of her system from external influences, but the events of the last three years have proved, that the growing individuality of the people has been accompanied by corresponding individuality on the part of the Prussian government — enabling it to maintain peace in defiance of the threats of the great powers bounding Northern Germany on the east, the west, and the south.

* Properly to appreciate the extraordinary progress that has, in the last thirty years, been made by Germany at large, the reader should call to mind the almost unceasing spoliation to which that country has been subjected by invaders from the east, the west, and the north. Writing in 1855, the Chevalier Bunsen told his readers, that his country had, as a whole, "as little recovered from the devastation of the Thirty Years' War, as the eastern districts of Russia had recovered from the effects of the war with France in the present century. Let the faults and failings of our national German character be," as he continues, "what they may (and we should like to know what nation has endured and survived similar spoliation and partition), the greatest sin of Germany, during the last two hundred years, has always been its poverty — the condition of all classes, with few exceptions." Nevertheless, this poor country of the German Union, is now making its own roads, without extraneous help; while the highly favored American Union is forced to inundate the world with bonds, whenever roads are made. The first, however, pursues a policy which looks to the promotion of commerce. The policy of the other, as we shall see, looks only to augmenting the power of the trader to direct the movements of the farmer and the planter.

CHAPTER XXV.

THE SAME SUBJECT CONTINUED.

§ 1. WITH an immense territory and a scattered population, RUSSIA was, half a century since, an almost purely agricultural country, in which, for want of diversity in the employments of its people, the power of combination scarcely at all existed. As a natural consequence, the various faculties of the individuals of which its society was composed remained undeveloped, and man was everywhere the slave of his fellow-man. Manufactures being then almost unknown, the caravans trading to the interior, and supplying the wants of distant tribes in Asia, went laden with the products of British and other foreign workshops. At the accession of the late emperor, in 1825, the country was unable to produce even the cloth required for the uses of its army; and as to almost all other of the products of the loom, it was wholly dependent upon Western Europe.

Russian produce having then to seek the markets of the world in its rudest form, burdened with enormous charges for transportation, yielded, of course, little to its producers, who, therefore, had little with which to purchase the produce of other countries. The foreign commerce was, therefore, unimportant, the exports having amounted to but 56,000,000 of roubles; and the imports to only 63,000,000, or but about \$48,000,000 — being less than one dollar per head of the population. Small as were the latter, they consisted, in large proportion, of articles of luxury required for the use of the higher classes — the great proprietors, the officers of government, and others who derived their means of support from taxes paid by those who labored in the field; and thus, while the people were unable to make cloth at home, the poverty of the country was such as to forbid their obtaining it from abroad. So was it, too, in regard to all other departments of manufacture. Not only were the agricultural implements of

the rudest kind, but there existed none of that knowledge required for their improvement; and until they should be improved, cultivation must continue limited to the poorest soils. Both earth and atmosphere abounded in forces waiting the command of man, but — the power to make a steam-engine having as yet no existence on the Russian soil — the people remained in a state of barbarism, and slavery was universal throughout the land.

§ 2. The Continental System gave to manufactures a great impulse, but time was required for making any considerable change; and therefore was it, that even so late as 1812 there were but 265 establishments of any kind, large or small, for the production of cotton or woollen cloths for the consumption of a population of more than 50,000,000. With the closing of the war, however, there came a change in the opposite direction. The Emperor Alexander — having taken his lessons in political economy from M. Storch, who had a strong belief in the omnipotence of trade — determined to carry out in the administration of the empire the lessons he had learned in the closet; but the result proved most disastrous.* British goods flowed in, in a constant

* That the advantage to the farmer and laborer, resulting from combination of action, was, at that time, fully appreciated by some of the emperor's subjects, will be seen on a perusal of the following extract:—

“To the flourishing condition of a nation, the farmer, the tradesman, the artist, the manufacturer, and the merchant are doubtless all necessary; but if we compare the relative benefit which is rendered to the farmer by the other professions here named, it must be admitted that the manufacturer and the mechanic are infinitely more serviceable to him than the merchant. The capitals of the former act doubly, because they are employed not only in the purchase of the productions of the earth, in order to enhance their value by a skilful manufacture or preparation of them, but also in that of every thing necessary for our food, clothing, and comfort. Bread, meat, tallow, linen, leather, oats, wood, timber, berries, mushrooms, and every thing, in fact, raised or produced by the peasant on his land or in his house, are necessary to tradesmen and manufacturers. Persons of every age can also be employed by them. They give occupation to the young, the weak, the aged, and the deformed, who, collectively, form no inconsiderable portion of a nation, and who, without them, must remain in idleness, and consequently be a burden to society. Thus, the peasant will receive from the neighboring manufacturer much more money than from the merchant, who, if he should purchase of him his raw products, does it with the view of improving and reselling them; the manufacturers, on the contrary, besides employing in their factories so many hands, are instrumental not only in enriching, but in keeping in good order, the surrounding country. And thus their capitals and occupations enliven and increase the national industry in a greater degree than those of the merchant.

“They serve, even, to increase the number of merchants, for wherever fabrics and manufactories are founded, merchants presently appear also:

stream, and Russian gold flowed out; and the government was paralyzed, while the manufacturers were ruined. In this state of things it was, that Count Nesselrode issued a circular preliminary to a change of system, in which it was declared that Russia found herself forced to resort to a system of independent commerce; that the products of the empire no longer found markets abroad; that the manufactures of the country were exceedingly depressed; that the coin of the country was rapidly flowing out to distant nations; that the most solid mercantile establishments had become endangered; and that agriculture and commerce, as well as manufacturing industry, were "not only paralyzed, but had been brought to the brink of ruin."

The year 1824 witnessed the inauguration of a new system — one looking to an increase in the power of association and combination throughout the empire, and harmonizing perfectly with that established in France by Colbert; and there continued to the present day. Commerce and manufactures again began to grow, and, as early as 1834, Russian cloth was taken by the caravans to the many Asiatic fairs. Since then, so great has been the progress, that the markets of Central Asia are chiefly supplied by the products of Russian looms. In Afghanistan and China they are rapidly supplanting the British cloths, notwithstanding the latter have the advantage of transportation; while in Tartary, and in Russia itself, British woollens are rarely heard of. From 1812 to 1839, the manufacturing establishments were stated to have nearly trebled; and of the whole quantity of manufactured goods consumed in the country, only a sixth were the produce of foreign workshops. Since then, the increase has been very rapid.

The power to maintain commerce with distant communities grew with the growth of commerce at home. From 1824 to 1834, the imports of foreign merchandise were nearly twenty per cent. greater than they had been from 1814 to 1824, before pro-

consequently, even on that account — that is, by bringing merchants in his neighborhood — the manufacturer benefits the peasant, who is, by this means, enabled to extend the sale of his products.

"Without tradesmen and manufacturers, civilization would be retarded, and all the bonds of social life weakened. Capitals, and all other large cities, are not rich from their stores of flour, oats, or flax, but when their shops are filled with manufactures and the polished productions of the arts." — *MOEDVINOFF: Manufactures and the Tariff*, St. Petersburg, 1815.

tection had been established. Those imports consisted, to a large extent, of raw materials, in the conversion of which the people found employment for the time that would otherwise have been wasted ; and were thus enabled to afford a full return for all the capital they consumed in the form of food and clothing.

§ 3. From that time to the present, the system has been steadily pursued, and its effects, in economizing the human power, in which, to so great an extent, consists the capital of the community, are visible in the constantly improving condition of the people, and rapidly growing strength of the empire ; as is shown by the following facts, derived chiefly from the recent work of M. Tegoborski, one of the fairest and most candid books that has recently appeared. The agricultural produce of European Russia is given by him in great detail ; and the value, estimated with a moderation that leaves no room for question of its accuracy, is estimated at 2,000,000,000 of roubles, or \$1,500,000,000—a large amount, as compared with the ideas generally entertained in regard to Russian agriculture. This sum conveys, however, but a small idea of the quantity, which is the material thing, as a bushel of wheat will feed a man as well in Russia, where it exchanges for a small quantity of silver, as in France, where it commands a much larger one. The comparative quantities of the several products annually raised ; of the cattle, sheep, and horses maintained ; and of the land in meadow, pasture, and forest, of France and Russia, are thus given :—*

	France.	European Russia
Cereals (including dry legumes).tchetwerts †	102,800,000	260,000,000
Flax and hemp.....poods ‡	5,128,000	20,000,000
Oleaginous grains.....tchetwerts	1,238,000	4,865,000
Cattle (calves not included).....head	7,870,000	25,000,000
Sheep	“ 32,000,000	50,000,000
Swine	“ 4,910,000	12,000,000
Horses.....	“ 2,818,000	18,000,000
Meadows	“ 5,288,000	60,000,000
Fallows and pastures.....	“ 14,700,000	80,000,000
Forests.....	“ 8,068,000	180,000,000

The raw products of European Russia alone would thus appear

* *Productive Forces of Russia*, vol. i. p. 200.

† 408 pounds.

‡ 36 pounds.

§ 2·69 acres.

to be at least thrice as great as those of France; and yet the money value of the two is almost equal—those of the latter, as the reader has seen, being now estimated at 8,000,000,000 of francs, or \$1,600,000,000, while those of the former are placed at \$1,500,000,000. The farmers of Russia are distant from market, whereas those of France are near to it; and therefore it is, that while in the latter the average price of the cereals is put at 5.46, in the former they are put at 3.50; that while garden produce is estimated in the one at nearly 120 roubles, in the other it is at only 25; that flax and hemp are estimated in France at 4 roubles, and in Russia at only 2; and that the produce of meadows in the former stands at 30, and in the latter at only 6. The cause of all these differences is to be found in the immense waste resulting from the absence of domestic markets, such as are enjoyed by the lands and people of France; and it was with a view to stop this waste, and to relieve the Russian farmer from the oppressive tax of transportation, that the protective system was re-established.

That this result has already been in part attained, is shown by the fact, that from 1824 to 1851 there has been a steady increase of prices, notwithstanding the vast augmentation in the quantity produced. From 1824 to 1833, the average of wheat was 4.34 roubles per tchetwert, and of rye, 3.3 roubles; whereas, that of the five years ending in 1851 was 6.52 for wheat, and 4.33 for rye—being an increase of little less than fifty per cent.*

* The steadiness and regularity of this upward movement are so remarkable, that it is deemed expedient to give the figures as furnished by M. Tegoborski:—

	Wheat, per tchetwert.		Rye, per tchetwert.	
	Roubles.	Kopecks.	Roubles.	Kopecks.
From 1824 to 1833.....	4	34	3	8
“ 1826 to 1835.....	4	60	3	27
“ 1828 to 1837.....	4	94	3	12
“ 1830 to 1839.....	5	21	3	81
“ 1832 to 1841.....	5	23	3	72
“ 1834 to 1843.....	5	29	3	71
“ 1836 to 1845.....	5	14	3	32
“ 1838 to 1847.....	5	49	3	94
“ 1840 to 1849.....	6	77	4	58
“ 1841 to 1850.....	6	62	4	46
“ 1842 to 1851.....	6	52	4	33
General average...	5	39	3	68

—*Productive Forces of Russia*, vol. i. p. —.

§ 4. At every stage in the progress above described, there has been a diminution in the necessity for seeking foreign markets, as is shown in the fact, that while from 1827 to 1832 the average export of grain of all kinds was more than 3,000,000 of tchetwerts, that quantity has scarcely been at all exceeded at any period up to 1850—with the exception of the famine years between 1845 and 1848, when the high prices of England offered an enormous bounty on the importation of food. The repeal of the corn laws, from the moment when the famine and its effects had passed away, appears to have had scarcely the slightest effect—the total exports of wheat, and the quantity sent to England, being thus given in official documents:—

	Total.		Of which to Great Britain.
1848	18,896,211 bushels.	.....	6,225,632 bushels.
1849	18,453,888 “	.....	4,721,630 “
1850	14,596,120 “	.....	5,710,208 “
1851	18,911,240 “	.....	8,140,386 “
In 1852, the exports to Great Britain reached			7,663,026 “
Total.....			27,461,082 “
Average.....			5,492,216 “

The whole product of cereals is stated at 260,000,000 of tchetwerts, or about 1,600,000,000 of bushels; and of all this vast quantity the only item that can, to any great extent, bear the charges of transportation to distant markets, is wheat; and yet the total export of that grain appears, on the average of five years, to have been under 15,000,000, *or less than one per cent. of the total product.* The cause of this is to be found in the fact, that with the constant growth of the domestic markets there has been a steady rise of price, consequent upon the decline in the necessity for going to the distant one. The greater the ability of the people at home to consume a commodity, the smaller will be the quantity to go abroad, and the more of all other commodities it will purchase; yet modern economists—looking exclusively to trade, and neglecting commerce—find the greatest evidence of prosperity in the quantity of exports!

What, however, becomes of all this food? It is consumed by the people who make cloth, build houses and factories, mine gold, iron ore, and coal, build ships and boats, and perform the various services incident to the maintenance of an extensive commerce.

The number of persons more or less employed in the flax and hemp manufactures alone, is estimated by M. Tegoborski at not less than 5,000,000 ; and the consumption of linen cloth is given at about 550,000,000 yards, or nine yards for each head of the population. This branch of manufactures is found everywhere. "It has its seat in the humblest cabins," and "it withdraws not a single cultivator from the laborers of the field ;" and, further, "it is the support of several little subsidiary trades, as wheel, spindle, and loom making, which give employment to numerous hands among our country population."

The consumption of wool is about 1.75 American pounds per head, giving a total of more than 100,000,000 of pounds—requiring for its conversion into cloth a large amount of labor ; and those laborers require large supplies of food.

But little more than twenty years since the first cotton-mill was erected ; and yet there are now no less than "495 cotton factories, employing 112,427 operatives, and producing, annually, 40,907,736 pounds of yarn, and a corresponding amount of textiles"*—generally of the inferior qualities required to supply the immense demand for the coarser fabrics. The district in which these manufactures are now established is itself a large empire, with a population of 16,000,000 ; and the effects of these establishments are seen in the extensive substitution of bright-colored cotton shirts "for the coarse linen ones formerly worn, and in the general improvement in the style of dress." †

The peasants receive the yarn from the contractors, and occupy themselves with weaving during the winter—thus laying an industrial foundation for their country, while turning to account the labor and skill that would otherwise be waste. Of establishments producing superior articles, there are 140. Much cotton velvet is manufactured ; and it finds its chief market in China, which, up to the period of the establishment of Russian manufactures, had been supplied with the products of English looms. Russian printed cottons are said now to equal those of Alsace and Lancashire ; and all this progress is the result of less than thirty years' perseverance in the system which looks to economizing capital, by securing to the laborer a choice in the modes of employing his

* *Letter of the Secretary of State of U. S.*, June 10, 1856.

† HAXTHAUSEN: *The Russian Empire*, vol. i. p. 28.

mental and physical faculties. To that alone it is due; for in Ireland, India, and other countries that have been dictated to by the men engaged in trade and transportation, the decrease of home industry has been in precise accordance with the increase here described as resulting from the growth of commerce.

The chief seat of the manufacture of fine cottons in Russia is at St. Petersburg, where it is mainly carried on by Swiss workmen. The quantity manufactured is estimated at 3,000,000 pieces, sufficient to supply the whole empire—not more than 1500 pieces of the highest quality of prints being now imported. The manufacture of muslins is also growing, and bringing in its train a diversification of agricultural pursuits—the cotton-plant having been successfully introduced into the Caucasian provinces.

The total value of the cotton fabrics of Russia was estimated, some years since, at \$32,000,000 a-year. The movement of her industry in this branch may, however, best be judged from the following table of her imports in 1846 and 1850 :—

	1846.		1850.
Raw cotton...	26,152,484 pounds.	.....	44,257,500 pounds.
Cotton yarn...	18,402,750	“	6,388,750 “

This shows that in five years her importation of raw cotton had nearly doubled, while that of cotton yarn, for which she was dependent on Great Britain, was two-thirds less.

The export of indigo to Russia has continued steadily to increase, as is shown by the following figures, proving a great augmentation of manufactures in the years subsequent to those given above :—

	1846.		1850.		1851.		1852.
Chests.....	3,225	.....	4,105	.....	4,958	.....	5,175

Further, greatly increased attention is given to developing the metallic treasures of the earth. The production of iron has steadily increased, and large deposits of coal, recently discovered, promise greatly to augment this branch of manufacture; while the product of gold and silver has risen to more than \$20,000,000 a-year.

§ 5. In no country whatsoever does there exist greater tendency towards local activity and local combination than in Russia.

In certain parts of the country all are potters, while in others all are rope and harness-makers. On one estate all are candle-makers, while on another they are manufacturers of felt hats; and on a third they are smiths, and chiefly employed in making axes. In one district tanneries are numerous, while in others nearly all are engaged in the making of matting, which is used for a great variety of purposes. For the accomplishment of these objects, the families of a district unite themselves in a sort of joint-stock company, selling the product of their labors, and dividing the proceeds among all the parties engaged in the work of production.

These manufactures grow with the growth in the demand for labor in the cotton, woollen, and other departments, and therefore it is that commerce increases; not only that commerce which results from differences of employment at home, but that which is dependent upon differences of soil and climate among the nations of the world. More tallow goes abroad, and more coffee and cotton are received in return; while wool, coffee, corn, and cotton are converted into cloth for the supply of domestic and foreign markets. It is not, however, in the coarser manufactures, alone, that Russia is now successful. The ingenuity and skill of her workmen are becoming conspicuous in all departments of employment, as was proved on the occasion of the Great Exhibition in the Crystal Palace, five years since.*

The labor thus given, is so much gained—it being, all of it, power that is thus economized. How immense has heretofore

* “Her natural products excite interest and admiration for their variety and excellence; her works of art provoke astonishment for their richness and beauty. Her jewellers and gold-workers carry off the palm from even those of Paris. Her satins and brocades compete with the richest contributions of Lyons. She exhibits tables of malachite and caskets of ebony, whose curious richness indicates at once the lavish expenditure of a barbaric court and the refinement and taste of civilization. Nor do we deem it of much account that her part of the Exhibition is not exclusively the work of native artisans. Her satins are none the less genuine product of the country because the loveliest were woven by emigrants from the *Croix Rousse* or *Guillotière*, seduced by high wages from their sunnier home in order to build up the industry of the Great Empire, and train the grandsons of Mongol savages in the exquisite mysteries of French taste and dexterity. It matters not that the Exhibition offers infinitely more than a fair illustration of the average capacity of Russian labor. It is none the less true that a people who, half a century ago, were without manufactures of any but the rudest kind, are now able, by some means, to furnish forth an unsurpassed display, though all the world is there to compete with them.” — *Greeley*.

been the waste, and how indispensable to Russia is that diversity of employments by which alone economy can be obtained, may be judged from the following passage from M. Tegoborski's work :—

“In countries where the climate is temperate and the population dense, where there are a number of small towns, and the home trade is active, the peasant, whose labors in the field last from the beginning of March into the month of November, will find little difficulty in turning his time to account during the three or four months of winter. He can carry his produce to market ; he can fell and carry home timber ; he can look after the fattening of his cattle ; he can hire out his labor as a carrier for the conveyance of merchandise ; or engage in some other subsidiary branch of rural economy. With us, such resources are very much more limited, while the labors of the field are interrupted for a much longer time. *Now, what a loss of productive forces must arise, and what a cause of impoverishment must be in action, if, for want of any sort of industry of the sixty millions composing the population of Russia in Europe, more than fifty millions should remain unoccupied during the six or seven months that the labors of the field stand still !* But to avoid this loss we are thrown upon our industrial resources ; and it is this peculiar situation of ours, joined to the abundance and variety of our products, and to the natural and instinctive intelligence of our people, which gave the earliest impulse to our industry, and impressed it with the peculiar and national stamp which it bears.” *

In the passage above emphasized, is to be found the secret of the poverty of all the purely agricultural countries of the earth. Without diversity of employment there can be no association—no commerce ; and where commerce does not exist, the physical power is wasted, while the intellectual powers remain latent and undeveloped ; to the loss of the major part of the force that should result from the quantity of food consumed. It is by the economization of force that the skilful manufacturer is enabled to triumph over his rivals ; and it is by similar economy that the country whose policy looks to the production of association and extension of commerce, acquires strength and earns consideration among the nations of the world.

* *Productive Forces of Russia*, vol. i. p. 446.

§ 6. Of recent travellers in Russia, one of the most distinguished is Baron Haxthausen, from whom we learn that Moscow has become a great seat of manufactures, in which serfs are being transformed into workmen laboring for themselves; and that to that city there flow annually in the autumn from 80,000 to 90,000 persons, to sell their services during the period when they can no longer labor in the field. The condition and appearance of these workmen, thus enabled to sell labor that would otherwise be wasted, appeared to him more satisfactory than that of persons of similar condition in Germany, France, and England. Like M. Tegoborski, M. Haxthausen has doubts about the protective system, as tending to raise the wages of labor, and to attenuate that "patriarchal tie" which heretofore has existed between the master and his serfs! — but as commerce grows with the weakening of that tie, and as, with the growth of commerce, men become enriched and the land acquires value, we are safe in regarding the tendency thus remarked, as an evidence of increase in wealth and power.

To what extent the diversification of employments has operated in increasing the demand for labor, and its reward, will be seen by a few facts in reference thereto, gleaned from M. Haxthausen's work. On one occasion he gives the wages of women, employed in weaving fine linen, at from 22 to 28 cents per day — being nearly equal to the price of a bushel of rye. On another, he states that men, engaged in weaving towelling, were earning 2 paper roubles, or about 60 cents, per day. In the government of Yaroslaf, the labor of the peasant, as he says, "has a higher pecuniary value, in consequence of the flourishing state of manufactures." At Ekaterinoslaf, good adult workmen receive 27 roubles, or about \$8, per month; but are sometimes paid even twice as much as this.

How this affects the condition of the peasants engaged in agriculture, is shown by the fact, that whereas formerly there were always great arrears of rent, now, as he tells his readers, there are none. Again, he tells us of twenty-three farms purchased, together with their own freedom, by sundry peasants belonging to Prince Koslovski — the price being 50,000 roubles, three-fifths of which were paid in cash. In another case, the peasants of

Prince Viazemski purchased his estate, and their own freedom, for 129,000 roubles.

Resistance to the system which looks to cheapening labor and raw materials, is attended everywhere else by increase of freedom among the laborers; and that it is so here, is shown by all the facts furnished by this observant traveller. Go where he might, he found that the diversity of employments had brought about that state of things in which, while still retaining a claim for a small annual payment, the great proprietors permitted their serfs to select for themselves their own mode of employment, and dispose at their pleasure of the proceeds of their labor; while they, themselves, were being served by hired domestics.*

Every measure of the government has tended in the same direction. By an ukase of 1827, the serf was declared an integral and inseparable portion of the soil, and thus was at once abolished the trade in human flesh. Next, a great bank was established, by which loans were made to the landed proprietor to the extent of two-thirds of the value of the property; and upon conditions of repayment tending greatly to produce the result of enabling the crown, eventually, to become proprietor on payment of the remaining third — thus promoting the people on the land into subjects of the crown, where before they had been mere serfs of private individuals. As crown peasants, they hold their dwellings and their little pieces of land, subject only to the payment of five roubles for each male person in lieu of rent, and are free to employ their land and labor at their pleasure. Next, to the serf was secured not only the right of possessing property, but the right to enter into contracts, and the recognition of their testimony in the courts of law, which before had been denied them.

"Still, the serf," says another recent traveller, "could not buy his own freedom, but he became free by the purchase of the patch of soil to which he was linked. To such purchase the right of contract cleared his road. The lazy Russian, who worked with an ill-will towards his master, doing as little as he could for the

* Forty years since, there were, according to M. Haxthausen, palaces in Moscow with a thousand or more servants, and the total number of nobles and their servants amounted to 250,000. Now, as he tells his readers, "the system of house servants has been quite changed: no more are retained than are necessary; and although there may still be double the number kept than, for instance, in Berlin, still the crowd of unemployed dependants has disappeared." — *The Russian Empire*, vol. i. p. 49.

latter's profit, toiled day and night for his own advantage. Idleness was replaced by the diligent improvement of his farm; brutal drunkenness by frugality and sobriety; the earth, previously neglected, requited the unwonted care with its richest treasures. By the magic of industry, wretched hovels were transformed into comfortable dwellings, wildernesses into blooming fields, desolate steppes and deep morasses into productive land; whole communities, lately sunk in poverty, exhibited unmistakable signs of competency and well-doing."

By dint of a series of measures, such as are above described, steadily pursued during a long series of years, one-half of the people of Russia have already become free from all claim for personal services; and "*wherever*," says M. Tegoborski, "*the workman readily finds employment*," *the peasants find their advantage in the changes that have thus been made; but where he cannot do so, there it is better for him to remain a serf than to become free.** The latter is the case in those parts of the empire that are distant from market; those which "are little favored by

* I. *Persons subject to Personal Service, (à corvée.)*

	Male population.
Peasants belonging to individuals in all the governments of European Russia, according to the census of 1851.....	11,451,200
Peasants attached to the lands pertaining to the <i>Odnordvortsy</i> ...	11,000
Peasants of the crown domains not yet freed from the corvée in some of the western governments.....	221,000
Total.....	<u>11,683,200</u>

II. *Cultivators not subject to Personal Service.*

	Male population.
Peasants of the state domains paying a quit-rent.....	8,629,800
Foreign colonists on the state domains.....	188,500
Colonized Israelites.....	17,700
Free peasants.....	230,000
Odnordvortsy.....	1,500,000
Appanage peasants, and other cultivators not subject to the corvée.....	1,122,000
Total.....	<u>11,687,500</u>

"On comparing these two totals, we find that the number of peasants still subject to the corvée is equal to that of the cultivators who dispose freely of their labor; but if we consider that, in many of the domains belonging to individuals, the corvée has been converted into a pecuniary quit-rent, we may admit that more than two-thirds of the productive soil are now no longer worked under the corvée system."—*Productive Forces of Russia*, vol. i. p. 224.

consumers and industry," and among whose people, consequently, the money circulation is so trifling as to render it easier to pay rent in labor, "than to pay any rent whatever in the shape of money." Stronger proof could scarcely be afforded of the absolute necessity for diversity in the modes of employment, as precedent to the freedom of man, than is furnished in this portion of M. Tegoborski's interesting work. Equally difficult would it be to find more conclusive proof of the ruinous effects of the system which looks to the separation of the consumer from the producer — to the confining of whole nations to the rude processes of agriculture — to increasing the necessity for machinery of transportation and for the services of the trader—and to the annihilation of commerce—than those furnished by M. Haxthausen, when telling his readers that "the foreign trade is exposed to such incalculable fluctuations, that it can never serve as a secure basis for the life of a people;" and by a recent English traveller, before referred to, who says that "a propitious season and good crops do not guarantee a profitable year to the Russian farmer,"—prices not unfrequently falling "so low that no physical combination of circumstances can benefit him"—in which case he becomes, of course, a slave to the money-lender, or the trader, of the neighborhood.

§ 7. That the internal commerce of the empire has wonderfully increased, cannot be doubted; and the following facts fully establish the great truth that whatever tends to the increase of commerce at home, tends equally to increase the power to maintain it abroad. From 1814 to 1824, the period in which the power of trade was growing, and commerce was so rapidly declining, the imports into Russia averaged 165,000,000 paper roubles — then at a discount of about 60 per cent.; but so exhausting was the system, that in the closing year of the period the discount had increased to 75 per cent.; and thus the value of government paper was but one-fourth of what it professed to be. At a real money value, the total market then made in Russia for the products of foreign lands was about \$32,000,000, or 60 cents per head.

In the ten years from 1824 to 1834 — the first decade of protection — the imports rose to an average of 195,000,000 roubles, while the value of the paper rouble improved about 10 per cent.;

and thus the Russian market for foreign products was carried up to \$42,000,000, or about 80 cents per head. By 1841, they had reached 90,000,000 silver roubles, or \$67,000,000, being nearly \$1.10 per head. In 1845, they were 85,000,000 of silver roubles, or about \$1 per head, although the crops of that year were very short. In 1852, they had risen to 100,000,000 roubles, or \$75,000,000 — having more than doubled since 1824, under a system that was, according to English economists, to destroy all commerce with the world.

How the two systems have affected the public revenue may be seen from the facts above given. The par value of a pound sterling is somewhat less than 7 roubles, and at that rate it stood until the war of 1807. By 1814, it had risen in value so much that it would purchase 18½ roubles. Peace brought with it the ascendancy of trade, and the decline of commerce, causing so great a drain of gold, that, in 1823–4, a pound had become worth 25 roubles. With the adoption of protection, the current changed, and at the close of a few years the value of the currency was restored — the silver rouble becoming again the standard.

In the ten years from 1814 to 1824, the customs revenue had averaged but 40,000,000 of paper roubles, or \$8,000,000; but in those from 1824 to 1834, the average was 67,000,000 roubles, worth about \$16,000,000. In 1852, the receipts from this source were 29,000,000 roubles, worth \$20,000,000—having increased 150 per cent. since the adoption of the present system. As a consequence of this it is, that the government has been enabled to construct the great railroad from Moscow to St. Petersburg, four hundred miles in length, by which the time has been reduced to twenty-two hours; while making considerable progress in the one from St. Petersburg to Warsaw, a distance of six hundred and sixty-eight miles. Other roads had been projected before the war broke out, but what has been its influence upon them we are not informed.

§ 8. With the approximation of the market, and the consequent economy of transportation, and with the daily increasing tendency towards approximation in the prices of raw materials and manufactured articles, there is a steady and regular improvement in the character of the Russian agriculture. In one district, M. Tego-

borski tells us that "a system of rational husbandry has been introduced." In another, "traces of improvement are visible." In a third, "the mode of cultivation is visibly improved." In a fourth, "the three-shift system" has been introduced, with great improvement of implements. In others, "rural economy is making visible progress"—"the amelioration of their culture is beginning to attract the serious attention of the land-owners"—"the culture of the beet-root for sugar is extending more and more;" and while "with many proprietors we find a system of culture that might serve as a model," the use of better implements, and the adoption of improved systems of culture, are, as we are told, visible "on the lands of the peasantry." In order to improvement by the former, it is indispensable, says M. Haxthausen, that there should be established, "a system of labor in combination with some industrial enterprise which would furnish the means of turning to some useful account the productive forces—the labor of man and beast—which would otherwise lie idle during the long intervals, when the works of the field are interrupted." During seven or eight months, as he says, "all labor is at a stand;" and hence results a waste of capital so enormous, as fully to account for the little progress that is made.

The government has established several model farms as schools for agriculture, into which both crown and private peasants are admitted; and the number of pupils therein, in 1849, was 706. The course of instruction is very complete, occupying four years. As a consequence of all these measures, the yield of the land gradually increases, while the tax of transportation diminishes; the price of corn rises and that of cloth declines; while the soil, and the man who cultivates it, gradually acquire value. In some districts, land sells for five, and even ten, times the price it would have commanded five-and-twenty years since; while in all, men are becoming from year to year more free.

The communal system presents, however, an obstacle to agricultural progress that will with difficulty be surmounted. Everywhere throughout the empire, land remains undivided—being held in common, and annually distributed among the members of the commune; and this applies as well to those which are owned by the commune itself, as to those held of the crown, or of the great proprietor. In cases in which *obrok*, or money rent, is

paid, every male in the village receives an equal share of the land — the father even taking it for his infant son ; and each becomes responsible for his share of the rent. In those in which *corrée*, or labor rent, prevails, the boys and the old men have no claim to the land, whose use is given only as an equivalent for labor performed ; but, to remedy this difficulty, a *tiaglo* is formed, by means of which several persons, no one of whom could perform a full day's work, are clubbed together — making one full laborer, and becoming entitled to one share of land. The birth of every boy creates a new claim, and the shares of those who die revert to the commune. The woods, pastures, hunting-grounds, and fisheries remain undivided, and free to all the inhabitants ; but the arable land and meadows are divided, according to their value, among the males — the size of the shares diminishing from year to year as the population becomes more numerous.*

As, under such circumstances, there can be no permanent property in land, there can be no inducements to devote labor to the making of any permanent improvements upon it ; and hence it is that "agricultural industry is neglected and abandoned." Even where the soil is not naturally good, "it might," says M. Haxthausen, "be much improved by manures, and by a greater application of industry ; but the efforts of a few land-holders, in this respect, have," as he continues, "been little imitated, and by the peasants not at all."†

Trade and manufactures withdraw labor from agriculture ; and for the reason, that the former offers every inducement for exertion, while the latter offer little. Whatever may be the accumulations resulting from trade, they remain the private property of the man to whose efforts they have been due ; and at his death he may bequeath them to his wife and children ; whereas, however great may be the value added to land, that value becomes at once the property of the community, no part of which goes to either the wife or the daughter of the man by whose labors the improvements have been made.

Communism is everywhere the same, whether we meet with it in Russia, or in France — in the customs of a people, or in the books of teachers who fail to see that the power of association grows with the development of individuality, and seek to pro-

* HAXTHAUBEN: *The Russian Empire*, vol. i. p. 119.

† Ibid. p. 49.

mote the growth of the former by the destruction of the latter. In the one case, it is but a step in the progress of man towards civilization; whereas, in the other, it is a project for reducing him to a state of barbarism. Hence it is, that the efforts at its introduction among civilized men have always failed so signally.

§ 9. With division of the land, labor acquires value, and the more it is valued the more it is economized — the larger is the proportion of it that is productively employed — and the greater the quantity that can be given to the development of the resources of the earth. With every step in this direction, men are enabled to build houses on *their own land*, and the scattered farm-houses gradually take the place of the dirty village. Nothing of this kind can occur in Russia, because there is no land that the individual peasant can call his own. The rural population is, therefore, “grouped in large villages, in which the houses are crowded together just as in towns. The consequence is, that a large number of the inhabitants thus reside at considerable distances from the lands which they cultivate; and thus, independently of the loss of time in going and returning, there arises a moral cause of negligence in culture; for it is impossible that the man who has to travel several versts in order to reach his field should cultivate it with the same interest, and bestow upon it the same care, as the man who has it constantly under his eye, and who can turn every favorable minute to account, whether it be for dunging or for laboring, for sowing or for reaping, for watering his meadow or for cutting his hay. This is one of the causes of the greater prosperity of the German colonies, where the dwellings are so distributed that each colonist has the land that he cultivates, if we may use the expression, under his thumb. This also partly explains the progress of agriculture in the Baltic provinces, where the rural population is much more scattered than in other parts of Russia. Such an agglomeration of the peasantry into numerous groups, predominates among nations which were formerly exposed to the incursions of barbarians or to the devastations of wild animals, and thus felt the want of residing in each other’s neighborhood for mutual protection.” *

Cultivation always commences with the poorer soils, and it is

* *Productive Forces of Russia*, vol. i p. 284.

only by means of association and combination that the richer ones are rendered available for the purposes of man. Such combination being, however, impossible under the communal system, the result is seen in the fact, that the active and intelligent young men of the village—those to whom we might look for agricultural improvement—fly to the towns and cities—abandoning the land, and seeking elsewhere, that permanent advantage for themselves and their families which is denied by the existing system to those engaged in the work of cultivation.

Such are some of the obstacles standing in the way of scientific agriculture. They are great, but great as they are, they are much exceeded in amount by those resulting from the want that still exists, of the proper diversification of employments, without which association and combination cannot take place. Throughout large portions of the empire, the farmer cannot, in any manner, vary the objects of his cultivation. He *must* confine himself to those commodities alone which will bear transportation; and he cannot raise potatoes, turnips, hay, or any other of the bulky articles which require to be consumed at home. He *must* exhaust his land, and his crops *must* therefore diminish—with constant increase in the liability to disease, by which they are so often swept away—reducing his family and himself to poverty, if not starvation. He *must* confine himself to the cultivation of the poorer soils, for so large a portion of his crop is consumed in the work of transportation, that he is unable to obtain machinery by help of which to clear and drain the rich ones. He thus becomes from year to year more and more the slave of nature, and, as a consequence, more and more dependent upon the chances of trade, and a slave to his fellow-man. If the crops of Western Europe prove large, he is ruined. Therefore is he forced to pray for droughts and frosts, and other causes of damage to his fellow-men; and all because of his inability to determine for himself how to employ his labor and his land. Commerce would give him that power, and enable him to rejoice in the prosperity of his fellow-men; but commerce now grows nowhere in the absence of the system inaugurated by that first of modern statesmen, Colbert.

The differences of price in the various parts of the empire are enormous—rye being in one place worth less than 1 rouble per tchetwert, while in another it sells at more than 11, and wheat

varying from little more than 2 to 13 roubles. Such is the taxation to which the producers are still exposed, because of the necessity for dependence on distant markets; but the remedy is gradually being applied in the creation of local centres — diminishing the necessity for going to a distance, while increasing the power to construct new and better roads.

§ 10. The system of centralization sought to be established by the British people requires cheap labor at home and abroad, and tends everywhere to its production. The less the commerce at home, the greater is the dependence of all nations on the people who have ships and wagons; and the less is their power to develop the resources of their land, or to increase the quantity of raw materials requiring to be transported. This, of course, leads to efforts at stimulation of the various communities of the world into competition with each other for the sale of raw products in the distant market, to their own great injury, but to the present, though only temporary, benefit of the distant trader, who thus kills the goose that he may obtain the golden eggs. The more wool that can be obtained from Australia, the greater must be the decline of price in that of Russia; the more cotton and hemp that can be obtained from India, the lower must be the prices of the hemp of Russia and the cotton of America; and the greater must be the dependence of the agriculturists of both upon the chances and changes of the distant market, and upon the combinations that there so readily are formed. Hence it is that we witness among the purely agricultural communities of the world so entire an absence of the power of self-government — so great an inability to make the roads that are so much required — and so complete a dependence upon the distant trader for all the machinery of trade and transportation.

Individuality, whether in men or nations, grows with the growth of commerce. It grows in Russia; and hence it is, that she has, in the last three years, exhibited a power of resistance to assaults from without, that would not have been possible had the free-trade policy been maintained, and had Russia continued to follow in the lead of England. That such would have been the case, is clearly shown by Mr. Cobden, who furnishes the most conclusive argument in favor of the policy of France and

Russia, when telling his readers that "to have cut off the people of the Russian Empire," in the period from 1815 to 1824, "from all commerce with foreign countries, would have been to doom a portion of its people to nakedness."* The system subsequently adopted tended towards decentralization, individuality, life, and freedom; whereas, that urged upon the world by Mr. Cobden — having for its object an increase in the necessity for the services of the trader — tends towards centralization, which is always the road to slavery and death.

§ 11. SWEDEN is naturally a very poor country — much of it being "rugged, hilly, and even mountainous," and "the soil, where the surface is not occupied by rocks, being chiefly light and sandy." As a rule, both soil and climate are unfavorable to agriculture, yet fertile tracts exist, south of 61° — yielding rye, barley, potatoes, carrots, beet-root, and various other vegetables, as well as fruits, and a little wheat.

In regard to her commercial policy, Sweden has followed in the lead of France — her whole system having been based upon the idea of bringing the consumer and the producer close together, thus economizing transportation, and approximating, as far as possible, the prices of raw materials and manufactured articles. Twenty years since, her tariff was slightly modified in the direction of free trade, but six years later the step that had thus been taken was retraced, and the protective policy, in its fullest extent, was re-inaugurated. How it has operated, it is proposed now to show.

The manufacture of cotton piece-goods, in 1831, amounted to less than 2,000,000 of ells, but in 1840, it had already reached 6,000,000. In the former of those years, the import of raw cotton was less than 800,000 pounds, but in the latter it had reached

* "When, nearly half a century since, Napoleon attempted to force upon Alexander, at the point of the bayonet, his 'Continental System,' the trade of that empire was comparatively free, and its people were dependent on foreign countries, and especially England, for almost every comfort and luxury of civilized life. Travellers proceeded from this country to take orders for our manufactures in Russia, with almost as much facility as in Scotland or Ireland; and Englishmen opened their shops in Petersburg for the supply of all articles of dress and furniture on nearly as great a scale as in the streets of London. So destitute were they of manufacturing resources, that even the coarse woollens required for the clothing of the Russian army were purchased in England. At that time to have cut off the Russian Empire from all commerce with foreign countries would have been to doom a part of its people to nakedness." — *What Next?* p. 7.

1,800,000. In the three years ending in 1846, it was 10,000,000; whereas, in the three ending in 1853, it amounted to no less than 27,000,000. In the first of these periods, the quantity of cotton yarn imported amounted to 5,000,000 pounds, and in the last to 3,600,000. The annual average of cotton wool and yarn in the first was 5,000,000 pounds; whereas, in the last it exceeded 10,000,000.

Taking the years 1845 and 1852 as the mean of those periods, we obtain, therefore, a duplication of the consumption in the short term of seven years, and an allowance, per head, exceeding three pounds, or more — the character of the climate being allowed for — than the consumption of these United States, in which the cotton itself is raised.

Of other raw materials, the import has been as follows:—

	1844 to 1846.	1851 to 1853.
Hemp.....pounds	5,400,000	6,200,000
Hides and skins..... “	6,400,000	8,700,000
Wool..... “	5,000,000	5,600,000

—all thus exhibiting a large increase.

The manufacture of woollen cloth is found everywhere throughout the country, in the houses of the peasants — giving employment to time and mind that would otherwise be waste; and yet the cloth annually made in the larger establishments, exceeded, some years since, 1,100,000 yards.

In 1840, there were made about 80,000 tons of pig iron, capable of yielding about 65,000 tons of bars. In 1853, the bars that were made amounted to 115,000 tons, and adding thereto about 10,000 tons of castings, we have a total of 125,000—being nearly a duplication of the product in the short term of thirteen years. So great, indeed, is the movement in the iron manufacture, and in the development of the resources of the earth, that in the year 1853 there were opened no less than 327 new mines, while more than twice that number of old and abandoned works were re-opened.

§ 12. The movement of the population has been as follows:—

In 1751	1,795,000	In 1826	2,751,000
“ 1805	2,414,000	“ 1853	3,482,000

Between the first two of these periods there elapsed fifty-four

years, in which the increase amounted to 34 per cent. Between the last two there were half that number, in which the increase was 26½ per cent. The movement is, therefore, a constantly accelerated one — giving increased power of association and combination, and facilitating the further growth of wealth.

In the latter period, the quantity of physical and mental effort given to the work of conversion has, as the reader has seen, greatly increased, and yet, so far has this been from producing a diminution in the power to devote time and mind to the work of cultivation, that it has wonderfully increased, as is shown by the following facts. — In the ten years ending in 1787, the average import of grain was 700,000 barrels, of 280 pounds each—being the equivalent of about 196,000,000 pounds; or 100 pounds per head.* In the decade ending in 1853, the average import was 120,000 barrels, giving only 34,000,000 pounds, while the population had almost doubled. To the import of the latter period may now be added an annual average of flour and meal, to the extent of 4,000,000 pounds—calculating which as grain would make the total import about 40,000,000; or less than 12 pounds per head. That the people are far better fed in the latter than in the former period, is proved by their greatly increased purchase of cloth—food being the first of man's animal wants requiring to be satisfied. It is further proved by the following table, exhibiting the rapid growth in the consumption of other articles :

	1844 to 1846.	1851 to 1853.
Coffee, total import.....pounds	20,000,000	29,000,000
Sugar, "	56,000,000	75,000,000
Tobacco, "	10,000,000	13,000,000

§ 13. Commerce at home grows with great rapidity, while that with foreign nations increases with a steadiness and regularity scarcely elsewhere to be paralleled, as is shown by the following table :—

		Exports.	Imports.
1831	rix-dollars†	13,565,000	12,303,000
1836	"	18,585,000 ..	15,562,000
1840	"	20,434,000	18,308,000
1844	"	21,680,000	18,480,000
1853	"	34,470,000	34,387,000

* MACGREGOR: *Commercial Statistics*, vol. ii p. 809.

† The Swedish rix-dollar is worth about 40 cents.

That the power to buy the products of the labor of others is dependent on the power to sell one's own, is here abundantly proved. So long as the Swedes had scarcely any manufactures, they were but poor customers to other nations; but with the increased rapidity of circulation they have acquired force, and now, as we see, their power of consumption is increasing at a rate almost equal to that of any country in the world; while Ireland, India, Turkey, Portugal, and other free-trade countries, as regularly decline. Such are the different effects of the policies, of which one tends to the diminution of the tax of transportation, and to the growth of commerce, while the other would increase that tax, and thus establish the dominion of trade.

§ 14. As commerce grows, land increases in value and becomes divided. As the power of trade increases, land declines in value and becomes consolidated, as we see to be the case in Ireland, England, Turkey, and India. The peasants of Sweden who are proprietors of the land they cultivate, have been reckoned at 147,974; and that the tendency is towards the further division of landed property is shown in the fact, that from 1822 to 1837, the sales of land by noble proprietors amounted to £826,000, or about 10,000,000 of Swedish dollars — the land so sold being purchased in almost equal quantities by the middle and the peasant classes.*

What is the condition of the small proprietors, and how manufactures and agriculture are combined throughout the larger portion of the kingdom, will be seen on a perusal of the following passages from a distinguished British traveller :—

“Angermanland, in which I am now, is like a manufacturing district in England. The loom is heard in every room of every house. Every burn-side has its webs of linen on its green banks. This manufacturing is entirely domestic; the whole carried on upon the little farm on which the flax grows, and the whole by the females of the house, except the ploughing and sowing. It is not, however, confined to linen for household use, or for the family clothing. The linen is sold all over the kingdom; and at one little inn, Borsta, there was a table laid out, as we sometimes see in manufacturing districts in England, with products of the

* *Commercial Statistics*, vol. ii. p. 810.

place." * "The people of these two countries, North and South Angermanland, seem to unite on a small scale all the advantages of a manufacturing and agricultural population more fully than any district I have ever seen. The land is all in small estates, in the possession of the peasants. The men do the farm business — the women are driving a not less profitable branch of industry. There is full employment at the loom or in spinning for old and young of the female sex. Servants are no burden. About the houses and inside there is all the cleanliness and neatness of a thriving manufacturing, and the abundance of an agricultural, population. The table linen laid down even for your glass of milk and piece of bread is always clean; the beds and sheets always nice and white. Everybody is well clad, for their manufacturing is like their farming — for their own use in the first place, and the surplus only, as a secondary object, for sale; and from the number of little nick-nacks in their households — such as good tables and chairs, window-curtains and blinds, (which no hut is without,) clocks, fine bedding, papered rooms, and a few books — it is evident that they lay out their winnings on their comforts, and that they are not on a low scale of social well-being, but on as high a scale as such of our artisans as have a clear view of constant living by their trades. This is Sweden. It is here, in the northern provinces, that what a country may justly be proud of is realized." *

§ 15. The more perfect the power to maintain commerce, the greater is the development of mind, and the greater the thirst for information. It is, therefore, no matter of surprise that here, as in Denmark, we find a rapidly growing literature — developing

* LAING: *Tour in Sweden*, pp. 191–192.

The regulations adopted by all the larger factories in Stockholm declare, that it is the object of the proprietors, "by unceasing care, by moderate demands on the capabilities of the young workpeople, and by constant attention to their morals and dispositions, to direct their minds to industry and propriety of behavior, by which means they, on leaving the factory, may claim to be preferred for employment in such social occupations as suit their ripper years, before those who had spent their time in idleness, and often under no kind of guidance;" and as a consequence of this determination to treat their workpeople as human beings, "no inconveniences have arisen from the introduction of machinery. No combinations have occurred among the workmen, nor have complaints of ill-treatment or insufficient wages ever been heard of." — *Official Documents*, given by MACGREGOR: *Commercial Statistics*, vol. i. p. 863.

itself in the capital, while exhibiting itself in the smaller towns in the form of well-provided book-shops. "I am here," says Mr. Laing, writing from a village in Lapland, "in a more comfortable, cleaner house than any of our smaller towns in the north of Scotland, excepting, perhaps, Inverness, can boast of. In this little town of eleven hundred inhabitants, at the distance of four hundred and seventy miles from the capital, there are two booksellers' shops, in which I found a good stock of modern books, among others the *Life of Columbus*, by Washington Irving, in English. All the comforts, conveniences, and to judge by the appearance of the ladies and gentlemen, the elegancies of a refined life, are to be found in as great abundance as in our small towns, and perhaps even extending lower in society, from the daily mode of living being less costly. In the appearance or habits of the people there is nothing to give you the idea of ignorance, rawness, or a low state of manners. There is nothing of Lapland here, except, perhaps, in the food." *

Such was the state of things nearly twenty years since, and, so far as may be judged by the import of paper, the course has since been steadily onward — the quantity imported having risen to 400,000 pounds in the three years ending in 1853, against 150,000 in those ending in 1846.

§ 16. The tendency to equality grows with the growth of wealth, and therefore is it, that we find in Sweden a slow and gradual correction of the evils of political centralization. Twenty years since, two-thirds of the land paid all the taxes, while its owners were excluded from representation in the legislative body. Now, "all who belong to the peasant class are entitled to represent and be represented in the Chamber of the Peasantry." †

Freedom here, as everywhere, grows with the diversification of employments and the development of individuality among the people. Such, too, is the course of things, despite the existence of a political centralization of the most oppressive kind. Functionaries abound, and to such extent that, according to Mr. Laing, "it may truly be said that they are not made for the public business, but the business for them." ‡ For their maintenance heavy taxes are required — amounting to no less than one-fifth of the

* *Tour in Sweden*, p. 168.

† *Ibid.* p. 282

‡ *Ibid.* p. 104.

total product of the land, and to one-nineteenth of its actual value. Much of it being exempt from taxation, it follows, necessarily, that the weight presses yet more heavily than this upon the small proprietors, most of whom pay to the government, in addition to their local taxes, no less than a third of the total product of land and labor.*

The right to labor is there held to be a privilege, to be paid for in the form of a tax, by the payment of which the party becomes "entitled to protection from the law — like any other proprietor—against whatever would diminish its value and injure his means of living and paying his tax;"† and, as a consequence of this, the coppersmith cannot so far depart from the regular line of his trade as to cast the metal he needs to use. Regulations abound — impeding the free circulation of labor, and preventing the growth of commerce. Smelting-furnaces and iron-works are licensed for particular quantities, which cannot be exceeded, on pain of confiscation. These licenses are granted by the College of Mines, which controls all the works — having local colleges in all the districts, with officers of various ranks; and every furnace and every forge pays a tax, in proportion to its capacity, for the maintenance of people charged with throwing obstacles in the way of commerce, and thus preventing the development of the resources of the earth.

So far as regards the intercourse of her own people with those of foreign nations, Sweden has followed in the direction indicated by Colbert, but she yet needs a Turgot for the removal of obstacles to commerce at home.‡

* *Tour in Sweden*, p. 271.

† *Ibid.* p. 81.

‡ How great are the obstacles to commerce existing in all countries that are chiefly, even where not wholly, devoted to agriculture — how certainly the absence of the power of combination renders man the slave of nature and of his fellow-man — and how great is the tendency of diversity of employments to produce steadiness in the demand for labor and its products — are all well exhibited in the following passage from a review of M. Tegoborski's work :—

"There is one remarkable fact mentioned by the same author elsewhere, relating to the difficulty of transport, which bears very much on this question of agricultural prices, and which illustrates also generally the backward condition of Russia, in respect of the non-development of its mineral resources; he tells us that it may be said, without exaggeration, 'that in Russia and Poland more than nine-tenths of the cart and wagon wheels of every description are without iron hoops, and that, except in equipages of luxury, all the axles are of wood.'—p. 210. But the variations in price, which rises and falls rapidly under the influence of local and chance circum-

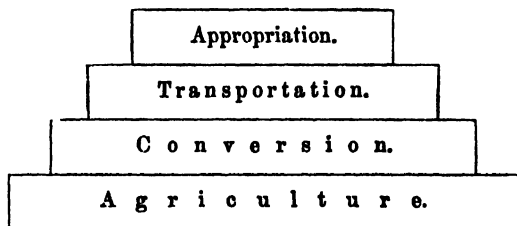
§ 17. We have now studied the operations of six important communities of the North and South of Europe, differing altogether in race, habits, manners, and religions, and agreeing only in the adoption of a system tending to increase in the power of association, and in the development of the various faculties of their members; and in the results thereby obtained. In all of them there is a steady increase of the proportion of the labor of the community given to the development of the powers of the land, and decline in that required for the work of trade and transportation: in all, there is a great increase in the power to maintain commerce at home, with large increase in the value of land and reward of labor: in all, a large increase in the power to maintain commerce with distant people: in all, society is taking, from year to year, more and more its natural form: in all, population and wealth steadily increase: and with all, there is a growing individuality, enabling them more and more to occupy an independent position among the various nations of the earth.

Directly the reverse of this, is what we have seen among the Catholics of Ireland and Portugal, the Turks of Eastern Europe, the Hindoos of India, and the white and black races of the Western Indies. Differing in all else, they have been agreed

stances, effectually prevent the application of capital to agricultural purposes, or the undertaking of permanent improvements. The proprietor is glad to obtain from year to year such income as he can from the compulsory labor of the serfs upon his estate, and is often obliged to sell his produce for a trifle, unable to wait for a rise in the price, or to transport it to a better market. The surplus in the abundant years is thus mostly waste, while the deficiency in the bad years brings excessive suffering. And, on the whole, it is observed that the fluctuations of price are greater in those governments which produce a surplus, than in those which do not raise a sufficiency of grain for their own consumption. Thus, during the period from 1833 to 1841 prices differed at Petrozavodsk, St. Petersburg, Novgorod, Moscow, in proportions varying from 10 to 22 at the former place, to 10 to 42 at the latter; while at Simbirsk, Ekaterinoslav, Saratov, Tula, Stavropol, they ranged from 10 to 48 at the first-named of these places, and 10 to 111 at the last. It is evident that even in time of peace, it must be long before the improvement of internal communications, and the steadiness of a foreign demand, can give sufficient stability to prices to encourage a systematic extension of agriculture. But in time of war, the surplus grain produce of the corn-growing districts will be thrown in waste on the local markets, leaving the distant and poorer regions unrelieved. From recent information, also, it appears, that the stoppage of the outlets of exportation for the surplus grain has caused a local plenty in some provinces, the effect of which will be the ruin, by comparative cheapness of produce, of the proprietors of the local estates, without any relief to the hunger of the distant members of the population." — *Westminster Review*, January, 1856.

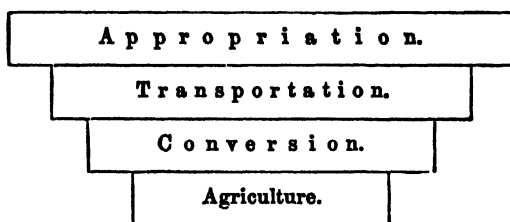
in a single point; and that is, in the necessity for submitting to a policy adverse to association, and preventive of the development of the various faculties of their people. In all of them, consequently, their labors are of a most superficial kind—being given to scratching the earth with poor machinery, because of inability to obtain that which is better: in all, there is little motion of society and little power: in all, the proportion of labor given to the work of trade and transportation tends to increase: and in all, the value of land and labor tends steadily to decline, with daily diminution in wealth and population, and in the power to maintain commerce at home or abroad: and with all, there is declining individuality—the communities becoming more and more dependent upon the will of others, and losing their position among the nations of the earth.

§ 18. Man seeks association with his fellow-men. To have association, there must be diversity of employment and development of individuality. As these are obtained, and as the consumers and the producers more and more take their places by each other's side, the prices of raw materials and finished products steadily approach each other, with constant decline in the value of all, and increase in the wealth, the power, and the value of man; and with constant tendency to have society assume the form of greatest stability—that of a true pyramid, as here is shown:—



Such are the tendencies in all the countries that follow in the lead of France, and in France herself.

When, on the contrary, they are not obtained, and when, consequently, the prices of raw materials and of finished products recede from each other, the reverse is seen—society then taking upon itself the form that is here exhibited:—



Such are the tendencies in all the countries that follow in the lead of England, and in England herself. Instability is, therefore, the distinguishing characteristic of all those countries.

American policy has been in harmony with that of neither one of these great sections of the human race. While recognizing, generally, the expediency of protection, and the propriety of creating a domestic market for the planter's and farmer's products, powerful parties have held that it was to be regarded, not as a measure of national policy, promotive of the good of all, but, as a special favor to certain classes, whose interests were to be promoted at the cost of all; and, for that reason, to be granted only so far as was consistent with the raising of the largest public revenue. Instability has, therefore, been the especial characteristic of American policy — protection having been resorted to, whenever the public treasury was empty, and abandoned, whenever it had been filled. As a consequence of this it is, that we are now afforded the opportunity of studying, on the same ground, the working of both the systems already examined in reference to so many, so different, and so widely-scattered nations; and to that examination it is proposed that we now address ourselves.

CHAPTER XXVI.

THE SAME SUBJECT CONTINUED.

§ 1. FRANCE is a country of "contrasts" resulting from the fact, that its social and political systems are perpetually at war with each other—the former tending towards increase in the value of land and man, and the latter towards diminution in the value of both. The one tends to the creation of local centres and the establishment of freedom; the other, to the centralization of wealth and power in the capital, and to the reduction of men to the condition of mere machines.

In the American Union, too, we find a country of "contrasts," whose existence is due to the fact that it has a social system which looks towards centralization and slavery, standing in the presence of a political one based upon the idea of local activity and perfect self-government. In France, a sound social system is gradually correcting the errors of the political one, with constant tendency towards increase of freedom; whereas, in the United States, social error is gradually triumphing over political truth, with growing tendency to the dispersion of man—to the absorption of local centres of action—to the centralization of power in great cities, and to the increasing subjection of those who labor to the will of those who live by the exercise of their powers of appropriation. First among the nations to declare that "all men are born equal," they stand now alone among civilized communities of the world in having among them distinguished teachers who assert, that "free society has proved an utter failure"—that "slavery," whether for the white man or the black, "is a legitimate, useful, and expedient institution"—and that it is a duty to strive "not merely to retain it where it is, but to extend it to regions where it is yet unknown."

In no part of the world does the political system—based, as it is, upon the idea of local centres, counteracting the great central

VOL. II. — 12

attraction — so nearly correspond with that wonderfully beautiful one established for the government of the universe. In none, therefore, are the natural tendencies of man towards association and combination with his fellow-men so fully exhibited. Looking for the type of the system, we find it in the “bee,” or union of the older members of a settlement for the purpose of raising the log-house required for their newly-arrived neighbors — starting from which point, it may be found in every operation of life. The logs are to be rolled ; the roof of the barn is to be raised ; or the corn is to be husked. Each of these would involve severe exertion on the part of the lonely settler ; but it is rendered light by aid of the combined exertions of his neighbors. The new addition to the population has brought with him, probably, neither horse nor plough ; but one neighbor lends him the former, while another supplies the latter, and thus do they enable him speedily to obtain both horse and plough of his own. A place of worship being required, all, whether Methodists, Episcopalians, Baptists, or Presbyterians, unite to build it ; its pulpit to be occupied by the itinerant preachers of the wilderness. The church — bringing people to the neighborhood — promotes the habit of association ; while the lesson taught therein promotes the love of order, and soon the settlement is dotted over with meeting-houses, at one of which Baptists, and at another Presbyterians, meet each other, to listen to the person whom, as their teacher, they have united to select. Is one of these houses burnt, the congregation find all others of the neighborhood placed at their command until the loss can be repaired. — On one day, we find them associating for the making of roads, and holding meetings to determine who shall superintend their construction and repair, and who assess the contributions required for that purpose. — On another, they are meeting to determine who shall represent them at the county board, in the State Assembly, or in the Congress of the Union. — Next, they settle where the new school-house shall be built ; and determine who shall collect the funds required, or select the books for the little library that is to aid their children in applying with advantage to themselves, the knowledge of letters acquired from the teacher.* — Again, they are forming associations for

* “It is not impossible to conceive the surpassing liberty which the Americans enjoy ; some idea may likewise be formed of the extreme equal-

mutual insurance against horse-thieves or fire ; or little savings' funds, called banks, at which the man who wishes to buy a horse or a plough can borrow the little money that he needs. — Little mills grow up, the property of one or two, and expand into large ones, in which all the little capitalists of the neighborhood, shoemakers and sempstresses, farmers and lawyers, widows and orphans, are interested ; little towns, in which every resident owns his own house and lot, and is therefore directly interested in their good management, and in all matters tending to their advancement — each feeling that the first and greatest of all is an entire security in the enjoyment of the rights of person and of property.* — The habit of association thus exercises the most beneficial influence in every action of life ; and it is most seen where population and wealth most abound—in the States of New England. There, we see a network of association so far exceeding any thing elsewhere known, as to be entirely beyond comparison. The shipwright, and the merchant, and the more advanced and less active capitalist, combine with the master in the ownership of the vessel ; and all unite with the crew in the division of the oil obtained. The great merchant, the little capitalist, the machinist, the foundry-master, the engineer, the workman, and the girl who tends the loom, divide among themselves the ownership of the great mill—combining their efforts for rendering the labor of each and

ity that subsists among them ; but the political activity which pervades the United States must be seen in order to be understood. No sooner do you set foot on the American soil, than you are stunned by a kind of tumult ; a confused clamor is heard on every side ; and a thousand simultaneous voices demand the immediate satisfaction of their social wants. Every thing is in motion around you : here, the people of one quarter of a town are met to decide upon the building of a church ; there, the election of a representative is going on ; a little further, the delegates of a district are posting to the town in order to consult upon some local improvements ; or in another place, the laborers of a village quit their ploughs to deliberate upon the project of a road or a public school. Meetings are called for the sole purpose of declaring their disapprobation of the line of conduct pursued by the government ; while in other assemblies the citizens salute the authorities of the day as the fathers of their country. Societies are formed which regard drunkenness as the principal cause of the evils under which the state labors, and which solemnly bind themselves to give a constant example of temperance.” — *De Tocqueville*.

* “ The citizen of the United States is taught from his earliest infancy to rely upon his own exertions, in order to resist the evils and the difficulties of life : he looks upon the social authority with an eye of mistrust and anxiety, and he only claims its assistance when he is quite unable to do without it ” — *Ibid*.

all more largely productive of cloth. Look where we may throughout the Northern States, the same tendency to combination of action is found existing; and yet, look to what quarter we may, we find a state of things with which all that is above described is in striking "contrast;" as will next be shown.

The population of the Union is now (1856) seven-and-twenty millions, and the surface comprised within the States and territories of the Atlantic coast, and those immediately bordering on the Mississippi, exceeds a million of square miles, or 640,000,000 of acres, each of which is capable of feeding and clothing a full-grown man; and yet men are seen, by tens and hundreds of thousands, flying to Kansas and Nebraska, Oregon and California, to appropriate more land — leaving behind them the richest soils as yet undrained, and commencing the work of cultivation on the higher and drier ones of the West, far from market, and capable, under existing circumstances, of yielding but small returns to labor.*

The natural tendency of man is to combine his labors with those of his fellow-man—knowing that two can roll a log that one alone could neither roll nor lift. Here, however, men are seen flying from their fellow-men, each one seeking to roll his own log, for to lift it is a task that exceeds his powers. The labor of each is thus wasted on the road, and is unprofitably employed at his journey's end.

His natural tendency is to combine his axe with his neighbor's spade, lending one and borrowing the other. Here, however, the man with the axe flies from the one who has a spade.

His natural tendency is to begin on the thin soil at the side of the hill, and to work down towards the rich one at its foot, gathering manure on the one with which to enrich the other; but here he flies from the rich soils that are near him, to seek the poor ones that are distant.

His natural tendency is to combine with his neighbors for improving old roads; but here he flies to a distance, that he may employ his labor in opening new ones, while those already made remain unimproved; and henceforth two are to be maintained instead of one.

His natural tendency is to combine with his neighbors for im-

* See *ante*, vol. i. p. 118, for the character of the lands occupied by the early settlers of Ohio and Indiana, Illinois and Missouri.

proving the character of education in old schools; but here he flies from his neighbors to places where there are no schools, and where none can ever be until he himself shall build them.

His natural tendency is to hold in regard old places and old houses, mellowed by time, and sanctified by the recollection of those who before had inhabited them; but here he flies from them, to cut out new places in the woods, whose harshness and hardness are quintupled by the recollection of those he has left, occupied by the friends of his early years.

Why is this so? Why is it that men fly from Western New York, where railroads run through rich lands, covered with dense forests—and through swamps that need drainage alone to give to cultivation the richest soils in the world—to seek the West, where they must cultivate poor soils distant from market, whose small yield decreases annually, because of the necessity for wasting on the road the manure yielded by the horses or oxen employed in the work of transportation—while the wheat itself is consumed abroad, leaving nothing whatever to be returned upon the land? Why is it that throughout that rich country, with its canals and railroads, its towns and its telegraphs, the population has ceased to grow in number, and property in the land becomes, from day to day, more and more consolidated—always an evidence of declining wealth and power?

The answer to these questions, and the cause of all the “contrasts” above presented for the reader’s consideration, is to be found in the fact that the policy of the country has been most consistently opposed to the development of commerce—while always favoring the establishment of the supremacy of trade.

§ 2. The tendency towards decentralization and freedom is in the direct ratio of the approximation of the prices of the raw products of the earth, and those of the commodities into which they are converted. In Germany, Russia, Denmark, and Sweden, as the reader has seen, the distance between the two is gradually lessening, with great increase of commerce. In Ireland, India, Jamaica, and other countries, it is gradually increasing, with constant augmentation in the power of trade. In the first of these two sets of states—following the lead of France—the policy that has been pursued has been that of Colbert, and the objects

sought to be attained have been those indicated by Adam Smith as required for man's improvement — regarding him as a moral and responsible being. In the last — following not in the lead, but under the direction, of England — the policy has been that which, when inflicted upon the colonies, was denounced by Dr. Smith as being “a violation of the most sacred rights of mankind.”

The policy of the United States of America has been in harmony with neither of these ; and yet — the cause of their Revolution being to be found in the determination to release themselves from the system under which Ireland and the Indies have since been so entirely exhausted — it would have been regarded as almost absolutely certain that they would have followed in the direction indicated by Colbert, and have adopted measures looking to bringing the consumer to the side of the producer, and thus relieving themselves from that first and most oppressive of taxes — that of transportation. Such, indeed, were the early tendencies of the government, as shown in the elaborate report of Alexander Hamilton, Secretary of the Treasury during the administration of Washington, wherein he told his countrymen that “not only the wealth, but the independence and security, of a country appear to be materially connected with the prosperity of manufactures. Every nation,” as he thought, “with a view to these great objects, ought to endeavor to possess within itself all the essentials of national supply. These,” as he said, “comprise the means of subsistence, clothing, and defence,” * and, as he continued, “though it were true that the immediate and certain effect of regulations controlling the competition of foreign with domestic fabrics was an increase of price, it is universally true that the contrary is the ultimate effect with every successful manufacture. When a domestic manufacture has attained to perfection, and has engaged in the prosecution of it a competent number of persons, it invariably becomes cheaper. Being free from the heavy charges which attend the importation of foreign commodities, it can be afforded cheaper, and accordingly seldom or never fails to be sold cheaper, in process of time, than was the foreign article for which it is a substitute. The internal competition which takes place soon does away every thing like monopoly, and by degrees reduces the price of the

article to the minimum of a reasonable profit on the capital employed." This accorded, as he thought, "with the reason of the thing, and with experience." *

The great war of Europe had, even then, commenced, and its effects were speedily experienced in an increased demand for food — furnishing the farmer with a temporary market, and relieving him, for the time, from the necessity for reflection upon the fact that the value of his land is wholly dependent upon its exemption from the tax of transportation. Time, however, brought with it the correction of his delusions, in the form of Orders in Council, Rules of '56, and Berlin and Milan Decrees — measures having for their object the annihilation of the rights of all the powers not engaged on the side of one or other of the great parties to the war. It was the substitution of

"The good old rule, the simple plan,
That those may take who have the power,
And those may keep who can"—

for the universally recognised law of nations.†

The American flag being now driven from the ocean, it became necessary, in self-defence, to prohibit intercourse with either of the parties to the contest. Pressing want of cloth, iron, and other commodities, then forced the people to manufacturing for

* *Treasury Report*, December 5, 1791. The document from which this quotation is made, is one of the most remarkable of its kind in existence — exhibiting, as it does throughout, a familiarity with every department of the question to be discussed such as could have been acquired only under a system so oppressive as was the colonial one of England. That system is yet, however, perpetuated by the descendants of the men who were driven by it to make the Revolution.

† "From the breaking out of the wars of the French Revolution to the year 1812, the United States knew the law of nations only as the victims of its systematic violation by the great maritime powers of Europe. * * * One hundred millions, at least, of American property were swept from the seas, under the British Orders in Council, and the French Berlin and Milan Decrees. * * * For our enormous losses under the British Orders in Council, we not only never received indemnification, but the sacrifices and sufferings of the war were added to those spoliation on our commerce and invasions of our neutral rights which led to its declaration. Those Orders were at that time regarded by the Lansdownes, the Barings, the Broughams, and the other enlightened statesmen of the school to which you belonged, as a violation of right and justice as well as of sound policy; and within a very few years the present distinguished Lord Chief Justice, placed by yourself at the head of the tribunals of England, has declared that 'the Orders in Council were grievously unjust to neutrals, and it is now generally allowed that they were contrary to the law of nations and to our own municipal law.'"—EVERETT, *Letter to Lord John Russell*, September 17, 1853.

themselves; but, as it is always the first step that is the most costly and least productive, the progress was necessarily slow — the whole policy of the country having, until then, been adverse to the diversification of employments, and to the introduction of the machinery required for obtaining command of steam, or any other of the natural forces, with the single exception of the wind required for driving ships. The nation was then poor, and when, in 1812, war against Britain was declared, it was so entirely unable to clothe itself, that the government found itself driven to the expedient of taking possession of Amelia Island, a Spanish possession on the Florida coast, for the sole and exclusive purpose of enabling its citizens to evade its own laws — by thus bringing within the Union certain cargoes of woollen cloths and blankets, whose regular importation was forbidden by the non-intercourse laws enacted in retaliation for the Orders in Council.*

The war which followed produced effects similar to those which had been observed throughout Continental Europe — causing the

* The entire inability of a nation wholly dependent upon trade, for entering into a war, even of self-defence, is well exhibited in the following article from the *London Times*, meant to be, and proper to be received as, descriptive of the weakness of the Union at the present time. The power of self-protection in a community exists in the direct ratio of the development of individuality among the persons of whom it is composed. The greater its amount, the larger is commerce, and the less is the dependence upon trade.

“The exports of the United States, then, as now, its main staple, which, in 1807, amounted to £22,500,000, consisted, in 1812, of £8,000,000; in 1813, of £5,800,000; and in 1814, of £1,443,216. while those of the United Kingdom had risen from £31,000,000 in 1807, to £53,500,000 in 1814, in the early part of which year the great European war terminated—at least for the time. The pressure of the war had, however, now made itself felt in the United States. They had rushed into war totally unprepared: their navy consisted of eight frigates and twelve sloops, not all ready for sea; their army, of twenty-four thousand men, neither organized nor disciplined, and, as the first result showed, totally unfit to meet our regiments in the field. Their mercantile marine was scattered, unprotected, all over the globe. The blockade ruined their customs, their only source of revenue, (with the exception of the sale of waste land;) and the consequence was, that a country which, with great difficulty, had been induced to bear a taxation of £3,000,000, now found itself called upon to support a costly war, whose peculiar character was to destroy the very resources which were destined by nature to form the domestic and external strength of the United States. A resort to heavy excise duties was the only course now open to raise the necessary revenue, and heavy duties were laid upon licenses to sell wine, to distil spirits, on auctions, ships, sugar, bank-notes, bills, and salt. Jefferson's boast — as mischievous as it was unfounded — that the tax-gatherer should never enter the house of an American citizen, vanished into thin air; and, with the unpopularity of the excise, speedily came the unpopularity of the war which imposed it.”

erection of numerous factories and furnaces, and the opening of many mines—and furnishing so extensive a market for food, wool, and other of the raw products of the earth, that, as will hereafter be shown, the price of flour was higher than it had ever been before, although the export trade had almost wholly ceased. With the return of peace, however, manufactures generally, with the single exception of coarse cottons, were abandoned to their fate, and soon sunk under foreign competition. Here, as everywhere throughout Europe, machinery was thrown out of use, and its proprietors were ruined, while the workmen were discharged. Thus at once was lost to the nation the whole of that great capital of skill and experience, that in the past few years had been accumulated at the cost of so much effort.

Commerce then gradually declined, and trade became again master of the fortunes of the people, with great decline in the value of labor, and so great a diminution in that of land that throughout the country it sold at prices not exceeding a third, or even a fourth, of those it had before commanded. Universal distress brought with it a remedy in the form of the semi-protective tariff of 1824, followed by the really protective one of 1828, by which the policy of Colbert was, for the first time, installed as that of the American Union. Remonstrances, and threatened resistance on the part of the cotton-growing States, caused the abandonment of that policy, before it had had even a five years' trial, and early in 1833, it was suspended by the compromise tariff, in virtue of which protection was gradually to be withdrawn, and by 1842 was entirely to cease. Before that time arrived, however, commerce had almost ceased to exist—the demand for labor having died away, and with it the power to purchase labor's products. Universal distress brought with it a change of administration, followed by a change of policy, protection being again, in 1842, adopted as the law of the land. Again, in 1846, however, the system was changed—protection being, to a great extent, withdrawn. Here, however, we may mark the gradual tendency towards its final and complete adoption, as exhibited in the fact that, whereas 20 per cent. had on the previous occasion been taken as the revenue standard, 30 per cent. was now more generally adopted as the rate in all those cases in which protection was deemed to be required.

In brief, it may now be stated, that the expediency of protection has been recognised in every tariff since the formation of the Federal Constitution in 1789; and that it has, more or less, existed at every hour, except for a few weeks in 1842; but that it has, on only two occasions, been made adequate to the accomplishment of the object for which it is intended — that of raising the prices of the raw products of the earth, and reducing those of manufactured ones. In both those cases — 1828 to 1833, and 1842 to 1846—the laws were repealed almost at the moment when they had fairly begun to become operative.

§ 3. Such is the history of the United States, considered in regard to the great question of the approximation of the consumer and the producer, and consequent relief of the land and its owner from the exhaustive tax of transportation, to be accomplished by means of that simple prescription of Adam Smith, which requires the combination of tons of food with pounds of cotton — thus enabling both to travel cheaply “to the remotest corners of the world.” When, however, we come to the question of transportation itself, we find a policy widely different. Here, Colbert and Cromwell were adopted as the guides—the policy of the British Navigation Laws having been adopted in its fullest extent, and persevered in with a tenacity nowhere else to be exceeded. Home-built shipping in the foreign trade was adequately protected, and in the domestic market foreign shipping was absolutely prohibited; and the effect is seen in the establishment of a mercantile marine unequalled in the world for its efficiency, whether as regards the ships themselves, or the men by whom they are commanded.*

* “America is the country which enters into this competition with the greatest energy and skill. There is no doubt that all branches of the American navy have the benefit of an education far superior to that which can be obtained by the corresponding class in Great Britain. In reference to this, it may be remarked that papers have been supplied by the American government to the masters of great numbers of merchant vessels, containing a system of directions with respect to observations to be made during their respective voyages. Aided by these, and the logs of the vessels, Lieutenant Maury has been enabled to obtain such a knowledge of the currents of the ocean and the trade-winds as to reduce the length of certain voyages by almost one-third. A discovery of this nature has the effect of giving the Americans something very like a monopoly of a particular trade for a certain time. It is not too much to assert that the logs of the greater number of English merchant vessels would have been utterly useless in investigations of this nature. The general education of masters of English vessels is, no doubt, lamentably defective.” — *London Daily News*.

Adequate and long-continued protection in the foreign market, and prohibition of competition in the domestic one, have here produced in regard to ships precisely the effect already witnessed in relation to cloth and iron, in England, France, Germany, and other countries that have been examined — that of making ships cheap, while the raw material of ships — the timber — has steadily risen in price.

That, however, has not been the sole result. The object of Cromwell's laws was that of giving to British ships advantages in the trade of Britain with the world at large, and thus excluding other ships from competition even for the trade of their respective countries. The object of the American laws was that of establishing an equality of rights on the ocean, and in the ports of Britain. "To counteract them in this effort," says Mr. McCulloch, "various devices were fallen upon, but they all failed in their object; and at length," as he continues, "it became obvious to every one that we had engaged in an unequal struggle, and that the real effect of our policy was to give a bounty on the importation of the manufactured goods of other countries into the United States, and thus gradually to exclude our manufactures and our shipping from the ports of the republic"—and then the equality of rights was most unwillingly conceded. The example thus set by this country was quickly followed by Prussia, and freedom of *trade* was thus conquered by means of protection—the same protection by means of which Germany, France, and other countries, are now gradually conquering freedom of *commerce*.

Here, again, we have one of those "contrasts" to which reference has above been made. Of all the pursuits of man, transportation is the one that tends least to the development of the mind; and the more the energies of a country are forced in that direction, the greater is the tendency towards centralization, weakness, and slavery. Of all the European communities that have devoted themselves to it, Holland and England alone survive—and both decline in strength from year to year. Of all pursuits, conversion is the one that tends most to the diversification of employments, the development of individuality, and the improvement of agricultural wealth and knowledge; and the more free the powers of a country to take that direction, the greater is the tendency towards the development of the treasures of the earth—towards the

creation of local centres—and towards the establishment of perfect freedom for man. The one tends to the establishment of the supremacy of trade, while the other looks to the enlargement of commerce; and yet, while steadfastly adhering to the policy which looked to enabling the farmer readily *to go to market*, it has, in general, been but as incidental to the raising of revenue that any attention has been given to that which seeks *to bring the market to the farmer*, and thus relieve him altogether from the tax of transportation. Here it is that we find the great and fundamental “contrast,” out of which have grown all the others above referred to; the last and greatest of which is found in the fact, that it is among the freest people of the world that the enslavement of the laborer is advocated as a positive benefit to him, and to the society of which he is a member.*

§ 4. The tendency towards advance in civilization being everywhere in the direct ratio of the approximation of the prices of the rude products of the earth and those of the commodities into which they are converted, the test of the value of every measure is to be found in its tendency to produce, or to prevent, that approximation. So examined, the protection extended to shipping would appear to have been productive of unmixed good — ships having steadily become cheaper, while ship-timber has as steadily become dearer; and the farmer having found freights declining from year to year, while a market was being made for portions of his trees that would otherwise have been wholly valueless.

With regard to the products of the labor devoted to cultivation—that labor which, when properly directed, tends most to expand the mind and improve the heart—it has been otherwise; and because the policy of the country has looked almost entirely to trade, to the exclusion of all measures tending to the promotion of commerce. The prices of raw material have steadily declined; and for the reason, that the obstacles to commerce have increased when they should have diminished.

The average export price of flour since the commencement of the present century has been as follows :—

* “The South maintains that slavery is right, natural, and necessary, and does not depend on difference of complexion. The laws of the slave States justify the holding of white men in bondage.” — *Richmond Enquirer*

Five years ending in	Dollars.	Five years ending in	Dollars.
1805	9.95	1840	7 87
1810	7.50	1845	5.00
1815	11.60	1850	5.54
1820	9.15	Year 1850	5.00
1825	6.20	" 1851	4.77
1830	6.20	" 1852	4.24*
1835	5.70		

Taking the averages for ten years, we obtain the following results :—

Period ending in	Dollars.	Period ending in	Dollars.
1810	8.72	1850	5.27
1820	10.87	Year 1850	5.00
1830	6.20	" 1851	4.77
1840	6.78	" 1852	4.24

The facts here presented are most remarkable, and are worthy of the careful attention of the reader. The highest average is found in the period from 1810 to 1815; in that one in which there was, almost literally, no trade with foreign countries; and that in which the energies of the country were, more than they ever before had been, directed towards the establishment of commerce.† A domestic market was then rapidly being created, the extent of which may be judged from the fact that the cotton manufacture, which in 1805 had required but a single thousand bales, absorbed in 1815 no less than 90,000.‡

* Strictly speaking, flour is not a raw product, and it would have been preferred to take the prices of wheat, could they have been obtained with the same accuracy with those of flour, now, for the first time, furnished by the Treasury Report of 1855. The reductions in wheat have not been so great as those in flour, for the reason that the farmer has steadily profited by the increased facility of conversion—resulting from the constant approximation of the mill to the farm, and equally constant improvement in the machinery used for changing the form of the wheat. The raw material of flour, and flour itself, have constantly approximated in price, in obedience to the great law to which we have referred.

† That the reader may be enabled to judge correctly of the value of the facts above given, it is proper to state that in the last of these years, gold and silver coin had ceased to circulate, because of difficulties resulting from the events of the war. The stoppage took place in the autumn of 1814, and the Treasury year closes with the autumn of 1815. That, however, was one of the lowest years of the period.

‡ *Report of the Committee of Commerce and Manufactures*, February 13, 1816. The effect of this large domestic demand upon the price of cotton is shown by the fact that the average value of the cotton exports of 1815 and 1816 was \$24,000,000; whereas, three years later, when the domestic manufacture had almost disappeared, it sunk, notwithstanding large increase of quantity, to \$20,000,000.—*Treasury Report*, February 20, 1836.

With the return of peace, however, the policy of the country was changed; and from the date of that change we have an almost unbroken descent, until, in 1852, just prior to the opening of the Crimean war, it had reached the lowest point of the century, and probably the lowest recorded in the country's history — thus proving a constant increase in the obstacles standing between the man who raised wheat and him who had money with which to purchase it. Directly the reverse of this is what we see to have occurred in France, where the average price of wheat for thirty-five years, ending with 1848, remained almost stationary, although somewhat higher in the closing period than in the earlier ones.* So, too, with Russia and Germany, in the first of which the price of corn, in the decade ending in 1852, was one-half higher than it had been in that ending in 1825;† while in the last we find the average maintained with a steadiness, contrasting strikingly with the extraordinary changes occurring in this country, as here is shown:—

	Average of wheat in Prussia, per scheffel.‡		Average of flour exported from U. S.	
1816-25	66 $\frac{1}{2}$	groschen = \$1.48	.....	\$7.57
1826-35	55 $\frac{5}{12}$	" = 1.23	.....	5.95
1836-45	62 $\frac{5}{12}$	" = 1.39	.....	6.43
1846-51	73 $\frac{9}{12}$	" = 1.63	.....	5.41
1852	68 $\frac{9}{12}$	" = 1.51	.....	4.24‡

In the one, the price towards the close is higher than in the preceding periods, while in the other it has fallen to little more than half.

The course of events in the advancing countries of Europe — those which are following in the lead of France — is, therefore, exactly the opposite of what is here observed; but if we seek a case that is exactly parallel, it will be found in studying the operations of Ireland or India, Portugal or Turkey — the countries which follow in the lead of England. In all of these, the prices of raw products and those of finished commodities are steadily receding from each other, with constant decline in the value of land and man, and constantly augmenting difficulty in obtaining the food and clothing required for man's support. Like these

* See *ante*, p. 77.

† A *scheffel* is 1 $\frac{1}{8}$ bushels.

‡ See *ante*, p. 151.

§ HUBNER: *Jahrbuch*, 1854, p. 393.

United States, they are becoming from year to year more dependent upon trade, and less able to maintain commerce among themselves.

§ 5. Turning now to the England of a century since, we find a precisely similar state of facts, and resulting there from causes precisely similar—a growing dependence on distant markets, attended with increased necessity for the use of machinery of transportation—ships and wagons, sailors and wagon-drivers. The price of wheat fell there regularly, until it at length reached the very low point of 21s. 3d. per quarter, or little more than half a dollar a bushel; while manufactures continued high in price. So soon, however, as a market had been made at home, the price rose—nearly doubling in the very first decade, and further advancing to an average of 51s. 3d., at or near which point it remained for five-and-twenty years.* Cloth and iron, during all that time, were becoming cheaper—thus presenting, in the constant approximation of prices, the most unquestionable of all the evidences of advancing civilization.

The whole quantity of food for which Great Britain then needed a foreign market was trivial to a degree—the average export in the decade ending in 1755, when the price was lowest, having been only 4,000,000 of bushels; and yet, small as it was, the necessity for going abroad to sell it produced the whole of the effect above described. The regulating market of that day was the country on the Rhine—then the great seat of manufactures—and the more that was sent to it, the lower was there the price, and the lower that which could be obtained at the place of production. The 4,000,000 of bushels thrown upon that market must have caused a reduction there of not less than 10, and more probably 15, per cent.; and that reduction extended itself to *the whole British crop*, whatever might be its size. So soon as a market had been made at home, British corn ceased to go abroad, and ceased to affect the prices of foreign markets; and then British prices rose to the extent we see them to have done, because of the *double saving* to the farmer from the diminution in the cost of transportation, and from the increase of prices in all the markets of Continental Europe from which supplies might otherwise

* See *ante*, vol. i. p. 405.

have been drawn. The amount of that saving, as has been shown,* was at least \$100,000,000; and it was the effect of an increase in the rapidity of the circulation of society effected, in the short space of twenty years, by the very simple process of bringing the consumer to the side of the producer.

§ 6. No truth in science is more readily susceptible of demonstration than that of the liability of the man who *must* go to market, for the payment of the cost of getting there. It is one which sad experience teaches every farmer; and one, too, that the student may find demonstrated by Adam Smith. The corn that is twenty or thirty miles distant from market, sells for as many cents less per bushel than that which is at market; and the potatoes that are a hundred miles from market are almost worthless, while those raised close to it sell for thirty or forty cents a bushel — the difference between the two being the tax of transportation.

Another and equally important truth is, that the price of the whole crop is dependent upon that which can be obtained for the little surplus that *must* go abroad; or paid for the small quantity that *must* be brought from a distance. Give to any certain district 10,000 bushels of wheat more than is there required, and the crop will fall to the level of the price that can be obtained abroad for those few bushels — although constituting, perhaps, but 3 per cent. of the whole. Let the same district, in the following year, require 10,000 additional bushels, and the whole will rise to the level of the price at which they can be obtained — the difference between the two being perhaps as follows:—

Admitting the crop to be 300,000 bushels, and that the price, when there is neither surplus nor deficiency, is \$1—the product is.	\$300,000
The crop being larger, and a surplus requiring to be sent to a distance, the price will fall to 75 cents — giving for 310,000 bushels.....	232,500
The crop being small, and 10,000 bushels being required from a distance, the price will be \$1.25—giving for 290,000 bushels.	362,500

The question, here, between a high and a low price — differing to the extent of 37 per cent. — is dependent altogether upon the existence of a demand slightly below, or above, the quantity produced. The former was the condition of the people of Great

* See *ante*, vol. i. p. 406.

Britain at the period referred to—the supply being slightly in excess of the demand, and that slight excess compelling them to go to a distant market with some 2 or 3 per cent. of the crop, the price received' for which fixed the price of all. They, themselves, too, were constantly aiding in the depression of prices in that market, *and the more they sent the less they obtained for it*. So long as the prices in the home market were regulated by those in the foreign one, it would have been more profitable to them to have thrown the surplus into the ocean than to have sold it.

Identical with this is now the condition of the American farmers; and therefore it is, that while the price of food—the raw material of labor—is steadily rising in France, Denmark, Germany, Spain, and Russia, it here as steadily declines. Similar, too, is their condition in this, that the whole quantity for which a foreign market *must* be found is so small that were it altogether wasted, the loss would be unfelt. It would, indeed, be productive of great advantage to the farmer, for, so long as all domestic prices are fixed by foreign markets, the effect of this trivial export in crushing the foreign farmers by a reduction of their prices, is accompanied by corresponding reduction of the domestic ones—the loss thence arising extending itself to the whole of the food produced.

The total amount of food of all descriptions exported from the United States, and the prices of flour at the corresponding dates, have been as follows :—

Period.	Average.	Price of flour.
1821-25	\$13,000,000	\$6.20
1826-30	12,000,000	6.20
1831-35	14,000,000	5.95
1836-40	12,500,000 ..	8.00*
1841-45	16,000,000	5.16
1846-50	39,000,000 (famine period)...	5.44
1850	26,000,000	5.00
1851	22,000,000	4.73
1852	26,000,000	4.24

* The facts now transpiring correspond precisely with those which occurred in the period from 1836 to 1840, when the price of flour, for the moment, ranged so high, preparatory to the great fall that was so soon after to take place. Then, as now, mills and furnaces had ceased to be built. Then, as now, emigration to the West was immense, and the combined force of the nation was being given to the creation of new machinery for producing food.

We have here a constantly growing necessity for resorting to a distant market, accompanied by a decline of prices amounting to 35 per cent.; but, if we compare 1850-52 with the period from 1810 to 1815, when the home consumption was equal to the whole supply, the reduction is no less than 63 per cent. Admitting, however, that the prices of 1821-25 would be the standard in the event of the creation of a domestic market that would relieve the farmer from the necessity for going abroad, we obtain the result, that the same crops that now sell for \$1,500,000,000 would then command \$2,200,000,000—making a difference of \$700,000,000, which may be regarded as the actual price paid by the agricultural body, for the privilege of almost giving away food to the extent of \$26,000,000.

The prices above given are those of the ports of shipment, always greatly higher than those of the places of production; and were we now to add the saving of inland transportation that would be consequent upon the creation of local markets, the difference would reach \$1,000,000,000; and this, too, when taking as the standard the prices of 1821-25, embracing years of almost universal distress throughout America and Europe. Were we to take the average of 1816-25 — \$7.67 — it would reach \$1,500,000,000. The average of all France for every decade of the last forty years has exceeded 18 francs for the hectolitre of wheat — being the equivalent of \$1.25 per bushel; and the later periods are the highest of all; whereas, they are here the lowest. The French average of the six years ending in 1852, for all France, must have been 60 per cent. greater than the average of those years for the whole of this country; and yet, all that was required for bringing prices here to a level with those abroad, was the creation of a market for food to the extent of \$26,000,000 — *being less than 2 per cent. of the total product.* To those who doubt this, it can be necessary only to say, that the differences here stated as likely to occur, correspond exactly with those

Then, as now, production diminished, while consumption was maintained — the deficiency being made up by the contraction of debts to Europe, for an immense amount of cloths and silks for which the power to pay had no existence. Then, as now, there was great apparent prosperity, as preparation for the universal bankruptcy of 1841-2. The preparation now being made is similar in all its parts; and as the causes are the same, we may be assured that the effects will not be different.

that did occur in England in the period between 1750 and 1770 Commerce then grew, circulation became rapid, and the dependence on the trader diminished; and every stage of that diminution was marked by an increase in the value of labor and land. Here, on the contrary, the dependence on the trader steadily increases; and every stage of its increase is marked by a decline in the price of food, by which the price of land and labor must ultimately be regulated.

§ 7. It may, however, be said, that the food consumers here would suffer by such a course of operation. Directly the reverse of this, however, has been the case in all other countries; and so would it be here. At no period of England's history have the evidences of growing civilization, as furnished by the approximation of the prices of raw materials and finished products, been so great as in the five-and-thirty years preceding the opening of the wars of the French Revolution, and at none has the condition of the people so much improved. Circulation became from year to year more rapid. Labor was from year to year more economized; and as the power of accumulation is wholly dependent upon such economy, it followed, necessarily, that wealth most rapidly augmented. Land and man, in that period, almost doubled in value; and all because of the relief from the tax of transportation resulting from the growth of commerce. So, too, in France. At no period in the last two centuries has corn been so low in price as in the days of Louis XV.; and yet, at none have the people so much suffered from the want of food. Commerce then had scarcely an existence. Since then, the price has rapidly increased — enabling the farmer to gain on both hands: first, by obtaining more money for his corn; and, second, by obtaining more cloth for his money. Farm wages rise; and with that rise, there is, necessarily, a constant augmentation of wages in every other department of employment—it being only by tempting the people of the country to come to the towns that the factories can obtain supplies of labor. If we desire to ameliorate the condition of man, we must begin with the laborer on the land — his wages being the standard by which all others are to be compared; and that by which they are regulated. The more close the approximation of the prices of raw materials and finished

commodities, the higher will be the wages, and the greater the tendency towards civilization.

As it was in England, and as it is now in France, so would it be here. The work of making a market for the food that is now exported, would make a demand for muscular and mental force—enabling each and every man to sell his services, and to purchase those of his neighbors. Labor being in demand, its price would rise; and the more rapid the rise, the more it would be economized; the greater would be the power of accumulation; the more abundant would become the machinery required for enabling man to call the forces of nature to his aid; the larger would be the proportion of the mental and physical force of the community given to developing the resources of the earth; and the larger would be the reward of labor in food and clothing. Commerce would then grow rapidly, but the power of trade would as much decline—precisely as we see to have been the case in both France and England at the periods above referred to.

The proposition that civilization grows in the direct ratio of the removal of obstacles standing between the producer and the consumer, and the consequent approximation of the prices of the products of the earth in their rude and finished forms, is a great and universal law, to which no exception can be found. Being so, it follows, necessarily, that raw materials *should* rise in price as finished commodities are cheapened; that civilization *should* advance with the advance in the price of those materials; and that that civilization *should* exhibit itself in the form of increased power of association, increased development of individuality, increased sense of responsibility, and increased power of progress. Thus far, the policy of the Union, as we have seen, has tended in an opposite direction—towards lessening steadily the price of food; and as such progress tends inevitably towards barbarism, it is here we must look for an explanation of the extraordinary “contrasts” above referred to.

§ 8. Turning now southward, we may look to that other great staple of America, cotton, with a view to see if the course of operation has been the same. That it has been so, the reader may readily be satisfied.

The crop of 1814 was estimated at 70,000,000 of pounds, of

which more than 8,000,000 were converted into cloth in the country within thirty miles of Providence, Rhode Island; while the total domestic consumption amounted to 90,000 bales, or nearly 30,000,000 of pounds. In the seven years following, the crop rose successively to 106,000,000, 124,000,000, 130,000,000, 125,000,000, 167,000,000, and 160,000,000; while the manufacture as steadily declined — producing a constantly increasing necessity for pressing upon the foreign market, with results such as are here exhibited :—

Export 1815 and 1816	average	80,000,000	... ..	price	\$20,500,000
“ 1821 and 1822	“	134,000,000	.....	“	21,500,000
“ 1827 to 1829	“	256,000,000	.....	“	26,000,000

The quantity, as is here seen, has more than trebled, while the receipt therefor has increased but little more than 25 per cent. The prices here given being those of the shipping ports, and the quantity to be transported having so greatly increased, and having required so great an extension of cultivation, it is, we think, reasonable to assume that the planter in those years gave 256,000,000 of pounds, to receive in exchange no larger amount of money than, six years previously, he had received for less than a third of that quantity.

1830 to 1832	average,	pounds	280,000,000	.....	\$28,000,000
1840 to 1842	“	“	619,000,000	.....	55,000,000
1843 to 1845	“	“	719,000,000	.....	51,000,000

We have here an addition to the quantity of 1815–16 amounting to no less than 630,000,000 of pounds, and requiring nine times the amount of inland transportation, even admitting that the area of cultivation had remained the same. We know, however, that in that period it had quadrupled, and must have required fifteen, if not even twenty, times as large a force of men, horses, and wagons to do the work. Allowing for this, the reader will now readily see that the planter must, in these years, have been giving 700,000,000 of pounds for less than twice the quantity of money that, thirty years before, he had received for 80,000,000.

1849	pounds	1,026,000,000	\$66,000,000
------------	--------	---------------	-------	--------------

Here we have nearly 940,000,000 to be transported, additional

to those of 1815-16; and from an area of cultivation that, because of the unceasing exhaustion of the soil, had been again enormously extended.* Such being the case, it may well be doubted if the actual quantity of money, or money's worth, that reached the planter in exchange for these 1,034,000,000, was much more than twice as great as that his predecessors had received for 80,000,000. Making the smallest allowance for additional transportation, he was here giving three pounds for the same money that before had been received for one.

1850-1851 average, pounds 781,000,000 \$92,000,000

The great fact is here presented to us, that the less cotton the planter sends to market, the more money he obtains in exchange for it. In this case, there is a saving of internal transportation, as compared with 1849, upon 245,000,000, and an increase of gross receipt amounting to \$26,000,000. Allowing for the additional freight, as compared with 1821, the producer was now not giving more than two pounds for the price received before for one.

* The following paragraph is from a speech of a distinguished citizen of Alabama, and exhibits the action of the system in a State that but forty years since had no existence:—

“I can show you, with sorrow, in the older portions of Alabama, and in my native county of Madison, the sad memorials of the artless and exhausting culture of cotton. Our small planters, after taking the cream off their lauds, unable to restore them by rest, manures, or otherwise, are going further West and South in search of other virgin lands, which they may and will despoil and impoverish in like manner. Our wealthier planters, with greater means and no more skill, are buying out their poorer neighbors, extending their plantations, and adding to their slave force. The wealthy few, who are able to live on smaller profits, and to give their blasted fields some rest, are thus pushing off the many who are merely independent. Of the twenty millions of dollars annually realized from the sales of the cotton crop of Alabama, nearly all not expended in supporting the producers is reinvested in land and negroes. Thus, the white population has decreased, and the slave increased almost *pari passu*, in several counties of our State. In 1825, Madison county cast about 3000 votes; now, she cannot cast exceeding 2800. In traversing that county, one will discover numerous farm-houses, once the abode of industrious and intelligent freemen, now occupied by slaves, or tenantless, deserted, and dilapidated; he will observe fields, once fertile, now unfenced, abandoned, and covered with those evil harbingers, foxtail and broomsedge; he will see the moss growing on the mouldering walls of once thrifty villages, and will find ‘one only master grasps the whole domain’ that once furnished happy homes for a dozen white families. Indeed, a country in its infancy, where fifty years ago scarce a forest tree had been felled by the axe of the pioneer, is already exhibiting the painful signs of senility and decay apparent in Virginia and the Carolinas.” —C. C. Clay.

For the exhaustion and poverty of South Carolina, one of the older States, see *ante*, p. 88.

1852 pounds 1,093,000,000 \$88,000,000

Here is an increase of 312,000,000 of pounds requiring to be transported, accompanied with a diminution of gross receipt amounting to \$4,000,000 ; and a diminution of net receipt that cannot be estimated at less than \$10,000,000. As compared with 1815-16, the planter must here have been giving five pounds for the price he before had received for one.

The course of things above described is without a parallel in the world. In the natural order of affairs, the cultivator profits by the improvements in the machinery of conversion, his products rising in their price as the finished commodities fall—rags becoming dearer as paper becomes cheaper — and wool going up as cloth goes down. Here, however, all is different. In the forty years above referred to, each and every one has brought with it an improvement in the modes of converting cotton into cloth, until at length the labor of a single person is more productive than that of four or five had been before ; and yet, so far are these improvements from having been attended with any increase of price, that we find the planters giving steadily more and more cotton for less money — and thus affording the most conclusive proof of a tendency towards barbarism.

The cause of all this being, as we are told, that too much cotton is produced, the planters hold meetings with a view to reduction in the quantity ; and yet, from year to year, the crop grows larger ; the area over which it requires to be grown becomes more and more extended ; and the net proceeds decline in the proportion they bear to the population of the States in which it is produced. In 1815, that population amounted to 2,250,000, whereas in 1850, it exceeded 6,000,000. In the first, the gross proceeds of 80,000,000 pounds were \$20,500,000 ; whereas, in 1849, 1,026,000,000, with all the vast increase of freight, were given for \$66,000,000 ; and the total gross proceeds of the crop could but little have exceeded \$80,000,000. Struggle as the planter may, the case is still the same — he being required to give from year to year more cotton for less money ; and that, too, in defiance of a great natural law in virtue of which he should have more money for less cotton.

§ 9. We are thus presented with the remarkable fact, that the two chief products of the Union are steadily declining in their power to command money in exchange; and that so far are the farmer and planter from dividing with the consumer of their products the advantages resulting from improved machinery of transportation and conversion, that the latter gets it all, *and more* — the former obtaining less money, the more produce he has to sell.

It is asserted, however, that all this is in strict accordance with some great law, in virtue of which every thing tends to become cheap; but a brief examination of the general movement of prices will probably satisfy the reader, that the only law with which it is in accordance is that human one, denounced by Adam Smith — having for its object the cheapening of the raw products of the earth, the establishment of the supremacy of trade, and the reduction of man to the condition of a mere instrument to be used by the trader—or, in other words, to that of a slave.

The reader has already seen* that the price of sheep's wool in England has doubled in the last eighty years; and that, too, notwithstanding the extraordinary extent to which cotton in that period has been substituted for wool. If there was any commodity whatever by which the theory of reduction of prices could have been supported, this would certainly have been the one; and yet the facts are directly opposed thereto. In France, too, wool has greatly risen. In Germany, it is now so much higher than it was in the olden time, that that country has become a great importer, where formerly it was a large exporter of this commodity. — Looking next to silk, we find the following remarkable illustration of the great law that lies at the foundation of all progress in civilization, furnished by the Report on the Commerce and Navigation of France. In that document, we have the official value, established about thirty years since, of all the commodities exported and imported, side by side with their actual value, and are thus enabled to study the changes that are now going on, and measure their extent. How great they are, and how precisely they move in the direction that has been indicated, is shown in the fact, that while sewing silks have fallen from 95 to 53 francs per pound, cocoons have risen from 3 to 14 francs.†

* See *ante*, p. 96.

† *Tableau General du Commerce de la France*, 1854, p. 82.

Turning now to Mr. Tooke's valuable table of prices in the period from 1782 to 1838, and taking the first and last decades thereof, we obtain the following results :—*

	1782 to 1791.			1829 to 1838.		
Bristles per cwt.	£6	11s.	00d.	£15	12s.	00d.½
Flax..... per 9 head	1	7½	00	2	3	10½
Oil..... per ton	38	10	00	48	00	00
Butter..... per cwt.	2	10	10	3	16	00
Irish mess-beef..... per tierce	3	10	10	4	18	00
Tallow..... per cwt.	2	1	00	1	19	6
Timber, fir..... per load	2	4	00	2	8	00
Whalebone..... per ton	150	00	00	215	00	00

In all these cases, the producer was profiting by the increased facilities of transportation and conversion—obtaining larger prices for all he had to sell, with constant increase in his power to improve his own machinery, and thus augment the quantity produced; whereas, in those of flour and cotton, he is seen to have been receiving smaller prices, with constantly growing difficulty resulting, as will be shown, from the constant exportation of the elements of which flour and cotton are composed.

We are told, however, that in the case of cotton, the decline of price is a necessary consequence of a growth in the supply exceeding the wants of the world; and therefore it is that the planters hold meetings for the purpose of devising measures tending to the limitation of the quantity to be planted. In so doing, however, they are only repeating the operation performed at an earlier period in Virginia, in reference to tobacco; and thus it is, that like causes produce like effects.¶ The real difficulty is now, as it was then,

* *History of Prices*, vol. ii. Appendix.

Occasional blanks in Mr. Tooke's tables render it difficult to give the comparative prices with perfect exactness, but they are here given as nearly accurately as possible. In all cases, his second column of prices has been taken—that being generally the most complete.

† In this case, the prices are given, duty paid, and the amount of duty had been, in the intermediate period, increased about 20s. per cwt.

‡ Duty free.

§ Duty, 1s. per pound.

¶ In 1632, the Legislature of Virginia passed a law for limiting the cultivation, and raising the price, of tobacco. In 1689—the price having fallen to threepence a pound—the Assembly enacted that half of the crop should be burned. In 1643, premiums were offered with a view to secure the diversification of agricultural employments, and thus raise the price of tobacco. In 1662, the Assembly passed various acts to compel a diversification of industry—enforcing the planting of mulberry-trees, offering premiums for

to be found in the total absence of diversification of employments—producing a necessity for unceasing waste of labor, and unceasing exhaustion of the soil, accompanied by a destruction of the value of the land, and of the man by whom it is cultivated.

The reduction of the price of flour, and of cotton, is *not*, as the reader has seen, in accordance with any general law. On the contrary, it is in direct opposition to a great law whose existence is everywhere manifest. Neither is the reduction in the price of cotton a consequence of any excess in the quantity produced, as the reader will be satisfied when he reflects that the total quantity produced in the world is not equal to two pounds per head; whereas, the quantity that should be used cannot be limited to ten, or even twenty, pounds per head. Such being the case, the difficulty, it is clear, does not lie in the excess of production, but in the deficiency of consumption; and if the cause of this deficiency could be discovered, and a remedy therefor applied, the planter might go on increasing his quantity from year to year—the price of his cotton steadily rising, and that of cloth as steadily falling, precisely as we see to be the case with rags and paper, cocoons and silks, sheep's wool and cloth, flax and linen.

The larger the price of corn, the greater will be the power of the farmer to purchase cloth, and the greater will be the quantity of money obtainable by the planter in return for any given quantity of cotton. The tendency of American policy, however, is towards reducing the price of corn throughout the world, and, as a necessary consequence, towards destroying the power of the people of France and Germany, Russia and Austria, England and Ireland, to purchase cloth. That such is the case will be

silk, for ships built, for woollen and linen cloth, home-made. Two acres of corn—or one of wheat—were to be cultivated for every tithable; and a tannhouse, with curriers and shoemakers attached, was to be established at the public expense in each county, hides being received at a fixed price, to be manufactured into shoes, and sold at rates prescribed in the statute.

In 1686, an arrangement was effected, by which acts were passed by the Assemblies of both Maryland and Virginia, ordering “a cessation,” that is, an omission to plant tobacco for one year, so as to raise its price! The proprietary of Maryland vetoed the Maryland act, and the project failing, new legislative efforts were made for the production of manufactures—“every county being required to set up a loom at its own expense, and to provide a weaver.”

In 1682—the price of tobacco having fallen to a penny—the colonists could scarcely buy the common necessities of life, and further, but equally unsuccessful, efforts were made to counteract the working of the system that limited the colonists to the rude labors of the field.

clear to the reader, when he shall have reflected for a moment upon the effect that is now so obviously produced by an increase in the export; and upon that which would be produced were it possible at once to say that no more food would go hence to any part of the world — this country having followed the advice of Adam Smith, when he advised that tons of food should be combined with wool, so as to enable both to travel cheaply to distant lands. Such a measure would at once relieve the European market from the pressure by which it is now kept down, and the price of English and Irish food would rapidly advance — affording inducement to the extension of cultivation, and making demand for labor, with large increase of wages, and consequent increase in the power to purchase cloth. German food and German wages would rise, and so would those of France and Russia, Austria and Spain. Agriculture would receive a new impetus, and agricultural labor would rise in price — rendering indispensable an increase in the wages of factory labor. What is needed throughout the world is, rapidity of circulation, making demand for labor and its products. Centralization is opposed to this — producing stagnation everywhere, and compelling the planters of the world to give a constantly increasing quantity of their commodities — sugar and cotton—for a constantly diminishing quantity of money. Nearly all the countries of Europe have followed in the lead of France in the effort to produce decentralization; and the effect is seen in the rise that has there taken place in the prices of food and wool.

Such would be the effect, here, of the adoption of the policy that there has been productive of these results. The measures required for making a domestic market for food, and thus relieving the farmers of Europe from American competition, would produce rapid circulation of labor and commodities, and the American farmer would soon obtain as much for his corn as is paid in France or England. Agricultural labor would rise in price, followed by rise in that which was otherwise employed; labor would become from day to day more productive; and at the close of a few brief years the domestic consumption of cotton would be thrice as great as now, with corresponding diminution in the quantity pressing on the market of Europe—enabling the planter to obtain

for large crops a higher price, per pound, than he now receives for small ones.

Adam Smith denounced the British system of his day, because of its being based upon the idea of cheapening all the raw materials of manufacture — labor and the products of the land. The system of the present day looks to the production of the same results; and therefore is it, that, in accordance with the ideas of Dr. Smith, it has been resisted by all the civilized nations of the world — America alone excepted. In all of them, consequently, raw produce is rising in price, while here alone is found a civilized community in which the produce of the land has steadily, during half a century, declined in price — the farming and planting interests having been most consistent in the pursuit of a policy tending to diminish the quantity of money to be received in exchange for a bale of cotton, or a barrel of flour.

§ 10. The evidences of growing civilization are to be sought in two directions: first, in a rise of the prices of the raw products of the earth; and, second, in a decline of those of the manufactured commodities required for the purposes of man. So far as regards the first, that evidence has not been here obtained — both flour and cotton having steadily fallen in price, to the great disadvantage of those by whom they are produced. The manufactured commodity that, more than any other, is required by the farmer and the planter, is iron, and we may now turn to it with a view to ascertain if we can find in that direction the evidence of growing civilization that thus far we have failed to find. Doing so, we ascertain that, in 1821 and 1822, the average price of bars at Glasgow, was £10 14s., or \$51.36, a ton,* at which rate the 100,000,000 of pounds of cotton then shipped would have paid for, at that port, about 450,000 tons — leaving \$3,500,000 to defray the inland expenses of sending the cotton to the port of shipment. Turning now to the past four years, we find the average price of bars to have been \$38.50 per ton, and that the quantity of cotton that has been shipped averaged 1,050,000,000 pounds, producing at the port of shipment an average of \$94,500,000 — deducting from which the inland expenses, the

* *London Mining Journal*, February 2, 1850; quoted in *Statistics of the Iron Manufactures of Pennsylvania*, p. 99.

planters might have received probably \$80,000,000, with which they could have purchased about 2,100,000 tons — thus giving ten pounds for a smaller quantity of iron than before they could have had for five.

The price of flour prior to the opening of the Crimean war was lower, as the reader has seen, than it had been for half a century, and less by nearly one-half than it had been in the period from 1815 to 1825. In that period the price of bar iron in Liverpool averaged about £10; or but little more than that of the past four years — the fluctuations in those years having been between £7 10s. and £9 12s. 6d. The raw materials of labor — food and cotton — not only do not approximate to iron, but become more widely separated from year to year.

Still more strongly is this the case when we compare the prices of food and cotton with those of other metals. The raw materials, iron and lead, have fallen in actual price, but copper and tin have both advanced, as will be seen by the following figures, derived from the work of Mr. Tooke, before referred to:—

	1782 to 1791.				1829 to 1838.			
Copper.....per cwt.	£4	1s.	2d.	.....	£4	8s.	7d.	
Tin.....per cwt.	4	1	3	.....	4	4	10	
Lead.....per 19½ cwt.	19	3	0	.....	18	3	00	

Turning next to the year 1852, at which time flour had fallen to little more than a third of the price at which it sold in the period from 1810 to 1815, we find that some of the prices had still further advanced — copper having been £4 18s.— tin £4 7s. — and lead £17.

The whole value of these metals is in the labor given to their extraction. That labor is the product of food and clothing — of corn and wool. The foreign raw materials of which British labor is composed are perpetually falling in price, while highly important commodities received by the foreign producers in exchange are as regularly rising; and that being the direct road towards centralization, barbarism, and slavery, we may now readily understand the causes of the existence of the numerous and extraordinary “contrasts” above referred to. The road to freedom and civilization lies in a direction precisely the opposite of that which thus far has been pursued. That road is, under

the lead of France, being travelled by all the advancing nations of Europe, and hence the improvement that becomes from day to day more manifest, in the growing harmony of all the various interests of which society is composed. The contrary road is, under the guidance of England, travelled by Ireland and India, Portugal and Turkey, as well as these United States; and hence it is, that in all of them we see an increasing centralization and a constantly growing discord. Hence, too, it is, that the world now sees in America, once regarded as "the land of the free," the bulwark of slavery; and that, in the land whence issued the Declaration that all men were born equal, it is now openly declared that "free society has proved an utter failure," and that bondage is the natural condition of the man who labors, be he white or black.*

The history of the Union for the last forty years is an enigma whose solution is found in the following proposition; Barbarism grows in the ratio of the export of the rude products of the land, and consequent exhaustion of the soil.

* "Repeatedly, have we asked the North, 'Has not the experiment of universal liberty failed? Are not the evils of free society insufferable? And do not most thinking men among you propose to subvert and reconstruct it?' Still no answer. This gloomy silence is another conclusive proof, added to many other conclusive evidences we have furnished, that free society in the long run is an impracticable form of society; it is everywhere starving, demoralized, and insurrectionary.—We repent, then, that policy and humanity alike forbid the extension of the evils of free society to new people and coming generations.—Two opposite and conflicting forms of society cannot, among civilized men, co-exist and endure. The one must give way and cease to exist; the other must become universal.—If free society be unnatural, immoral, and unchristian, it must fall, and give way to slave society—a social system old as the world, universal as man."—*Richmond Enquirer*.

CHAPTER XXVII.

THE SAME SUBJECT CONTINUED.

§ 1. CIVILIZATION grows with the growth of wealth. Wealth consists in the power to command the services of nature. The coal that is mined by a single man is capable of doing as much work as could be done by thousands of human arms. The power of steam employed in Great Britain is estimated as being equal to the united forces of 600,000,000 of men, and yet the total number of persons employed in the coal-mines of that country is but 120,000, two-thirds of whom must be engaged in furnishing fuel for the smelting of ore, for the rolling of iron, and for household and other purposes. The entire population of the island in 1851 was under 21,000,000, each one of whom, were the power thus acquired equally divided, would have the equivalent of nearly thirty willing slaves employed in doing his work—slaves, too, requiring neither food, clothing, nor lodging in return for the service thus performed. Admitting that even so large a number as 60,000 were employed in the extraction of the fuel by which this power is supplied, it would give but 1 in 350 of the population, and less than 1 in 200 of those that are capable of doing a full day's work. Such being the case, we obtain the remarkable result that, by means of combination of action, less than one-half of one per cent. of the adult population is enabled to furnish fifty times more power than could be supplied by the whole number, were each man laboring by himself.

To enable this fuel to do the work, it is, however, required that man should play the part of engineer—substituting mental power for the physical force that would otherwise be required. The engineer must have his engine, and for the production of engines there is needed a portion of the labor that by their use is to be economized. How small, however, is the proportion thus required is seen from the fact, that the whole number of steam-boiler makers in Great

Britain in 1841 was but 3479; and, as the total number of persons engaged in making steam-engines cannot be ten times greater, we thus obtain less than 35,000 as being so employed. Adding now together the miners and engine-makers, we obtain less than 100,000 as the total human force given to the development of a natural one equal to 600,000,000 — the physical force of each being thus, by means of association and combination, multiplied no less than *six thousand times*.

§ 2. Of all the communities of the world, there is none at whose command has been placed an amount of power at all to be compared with that of these United States—the quantity of fuel within their reach being, practically, as unlimited as is the air we breathe. It underlies a large portion of Pennsylvania, Maryland, Virginia, and North Carolina, while throughout the regions of the West it so much abounds as, in a great majority of cases, to be entirely valueless. So, too, with the material of which steam-engines are composed — iron ore — the supplies of which are boundless in extent, and waiting only for the moment when man shall determine to appropriate them to his use, and thus to acquire wealth. To what extent it might be so acquired, we know from British experience — a single hundred thousand men there furnishing power equal to *more than sixty times the mere muscular force of the whole adult male population of the American Union.**

To produce in the United States the same effect, there is required only the adoption of the same measures, that there have resulted in such a wonderful increase of force; and thus do we

* The question may, with great propriety, be asked—“If power really is wealth, why is it that the people of England, with such a wonderful amount of wealth at command, are so poor as to have given rise to the idea of over-population?” The answer is, that all this power is being wasted in the effort to prevent the other communities of the world from acquiring similar power, or wealth. While laboring to cheapen the labor and raw materials of the exterior world, she is enslaving the people of all countries subject to her influence, and thus producing the enslavement of her own. The harmony of interests is everywhere perfect, and therefore it is, that every measure tending to deprive the Hindoo of the power to sell his labor, tends equally to lessen the ability of the British laborer to obtain food for his family and himself. Action and re-action are equal and opposite—the ball which stops the motion of another ball, being stopped itself. This is a great physical law, whose truth is obvious throughout the whole range of social science. Common sense, common honesty, and sound policy look always in the same direction.

arrive at the great fact, that by means of the proper direction of the labors of the one-hundredth part of the adult population of the Union, the power, or wealth, of the whole might in a brief period be twenty times increased — each and every person, were the whole equally divided, being thus supplied with twenty slaves employed in furnishing fuel and food, clothing and lodging, while consuming no part whatever of the products of their labor.

The treasures of nature are boundless in extent, the earth being a great reservoir of wealth and power — requiring for their full development only the carrying into full effect the idea expressed by the magic word, ASSOCIATION. That such is the fact, is seen in every case in which, because of local circumstances, the American people find themselves enabled to combine their efforts for the accomplishment of some common object. Combination of action furnishes to every resident of New York, Philadelphia, or Boston, a slave employed in supplying him with water, or with light, at a cost so trivial as to be utterly insignificant when compared with what it would be were he obliged to live and labor alone, as did the emigrants of the days of William Penn. Combined effort enables us to pass from the shores of the Atlantic to the banks of the Mississippi in fewer hours, and at less expense, than, but a few years since, were required for going from New York to Washington. To such effort it is due that every child is supplied with instruction such as would be wholly unattainable by the solitary settler to whom we have so frequently referred. Combination of effort furnishes Bibles at a price so small as to place them within the reach of the poorest person in the Union; and it supplies, for the trivial sum of two cents, a better newspaper than could, but a few years since, have been purchased at any price. To combination it is due that the man of New Orleans can communicate on the instant with his friend in Philadelphia — thus annihilating both space and time.

Look where we may, we see evidence of the advantage to be derived from association; and yet men are everywhere seen flying from their homes, and leaving behind them wives and children, parents and relatives — each one seeming desirous, as far as possible, to be compelled to roll his own log, build his own house, and cultivate his lonely field; and thus deprive himself of all the benefit necessarily resulting from combination with his fellow-men.

In the passage to his solitude, he traverses immense plains abounding in the fuel by whose consumption he would so much increase his wealth and power—preferring, apparently, to continue to confine himself to the use of his arm, when, by calling nature to his aid, he might be enabled to substitute the qualities of his head for those of his body, and pass from the labors of the ox to those of THE MAN.

In no country of the world is there so great a voluntary waste of power as in these United States. In Ireland and India, in Turkey and Portugal, a similar waste takes place, but in none of these is there even a pretence that the people direct their own course of action. Here, the reverse is the case, every man being supposed to constitute a part of the government, and to aid in so directing its action as to enable him and his neighbors most to profit by the gifts of Providence; yet, here it is that men are most disposed to separate themselves, each and every one from each and every other, and thus to forfeit all the advantages that are elsewhere seen to result from the substitution of the natural forces for those of the human arm. The waters of Niagara, capable of doing the work of millions of men, are allowed to run to waste; and the coal-fields of Illinois, that, with the slightest effort, might be made to perform a hundred times more labor than is now performed by all the people of the Union, are held in almost as light esteem as would be a similar quantity of gravel, or of sand.

§ 3. Commerce tends to the development of the treasures of the earth—to the utilization of every particle of the matter of which our planet is composed—to the development of human power—to diminution in the value of the commodities required for the support of man—and to augmentation in his own value, and in that of the land upon which he is placed. At every stage of its progress, local centres acquire a larger attractive power—the mill, the mine, the furnace, the rolling mill, and the grist and cotton mills becoming the places of exchange, and thus diminishing the necessity for resorting to the trading cities of the world. The man whose labors have been given to the production of wheat, is thus enabled to exchange directly with one neighbor who converts wheat into flour, and another who has changed coal and ore into iron; with one who has converted wool into cloth, and

another who has made rags into paper — at once economizing the cost of transportation, and obtaining that intellectual commerce which is needed for enabling him to pass from the cultivation of the poor to that of the richer soils.

Trade tends in an opposite direction — seeking everywhere to prevent the creation of local centres, and thus to increase the necessity for resorting to the great central cities of the world. Every stage of its progress towards power is, therefore, attended by an increase in the tax of transportation, and a diminution in the power of man, with constantly increasing exhaustion of the soil, requiring resort to new lands, to be in their turn exhausted.

According to an eminent French economist, these United States are, like Poland, specially dedicated to agriculture, to the exclusion of manufactures. Such, too, has been the opinion of some of those persons who most have influenced the policy of the country; and the result is seen in an almost universal impoverishment of the soil, and of its owners, because of the enormous tax of transportation to which they have been subjected. According to these gentlemen, the raising of raw produce is the chief pursuit of man; and yet, small reflection could be required for satisfying them that the planting of wheat was but one of the steps towards the making of bread; and that the raising of cotton was but a stage in the process of producing cloth — cloth and bread, and not wheat or wool, being the commodities required for his use. Men perish of cold where trees most abound, because of the absence of the saw or the axe; and other men go naked, though surrounded by plants yielding cotton, because of the distance of the spinning-jenny and the loom. Man is placed on this earth to subject the forces of nature to his service — compelling her to yield the commodities required for his use, and in exchange for the smallest possible amount of human effort. That that object may be accomplished, he is required to combine his efforts with those of his fellow-men — the farmer, the miller, and the baker uniting for the production of bread; the shepherd, the spinner, and the weaver uniting for the production of cloth. The more perfect that union, the less is the waste of labor in transportation and in effecting exchanges, and the greater the power to improve the land already occupied, while extending the work of cultivation over the richer soils—as is now being done in France, Denmark, Germany,

and other of the advancing countries of Europe. The less the power of combination, the greater is the tendency to exhaustion of the soil, as is seen to be the case in Poland and Ireland, Turkey and Portugal, Jamaica and India, and every other country that is, like the United States, almost entirely devoted to the work of scratching the earth. Of all the raw material required for the purposes of man, manure is the most important, and the least susceptible of transportation to a distance; and therefore it is that poverty, depopulation, and slavery, are the necessary consequences of the reduction of a community to dependence on the single species of effort required for compelling the earth to yield the raw material of clothing, or of food. Throughout the larger portion of the United States, the market is distant hundreds and thousands of miles, and the consequences are seen in the facts described in the following paragraphs from a valuable paper by Mr. Waring, read before the Geographical Society of New York :—

“In order that we may more clearly understand this subject, let us consider the amount of the various kinds of mineral matter abstracted from the soil by different crops.

“Ten bushels of corn contain 9 pounds of mineral matter, among which we find 2·78 pounds of potash, and 4·52 pounds of phosphoric acid.

“Ten bushels of wheat contain 12 pounds of mineral matter, consisting, in part, of 2·86 pounds of potash, and 6·01 pounds of phosphoric acid.

“All crops contain nine or ten kinds of mineral matter, in different proportions.

“For purposes of illustration, we will estimate the amounts of potash and phosphoric acid contained in the corn and wheat crops of 1850. They are as follow :—

<i>Potash :</i>	Wheat.....	28,789,280 pounds.
	Corn.....	162,595,766 “
	Total.....	<u>191,385,046</u> “
<i>Phosphoric Acid :</i>	Wheat.....	60,892,055 pounds.
	Corn.....	267,615,807 “
	Total.....	<u>328,007,862</u> “

“Estimating the potash at 6 cents per pound, and the phos-

phoric acid at 3 cents per pound, (by no means too much,) we find the value of these ingredients of the corn and wheat crops of 1850 to be \$19,520,328.

“Let it be remembered that these are but two ingredients of the ashes of but two crops, and that the estimates are made at low figures. How large a portion of this mineral matter is returned to the soil, it is impossible to say.

“The wastes of fertilizing matter in all of our cities and towns are enormous. The population of New York and its suburbs is probably not less than 750,000. Could the fertilizing matter wasted, in various ways, by this number of persons, be applied to the soil, it would be worth at least \$15,000 per diem, or \$5,475,000 per annum. This is at the low estimate of 2 cents per diem for each person, without considering the immense number of horses and other animals fed in those cities.

“The amount of animal matter contained in the food of human beings may be considered as entirely lost to the soil—but a comparatively small portion of it ever finding its way back to the field. In the *Agricultural Report of the Patent Office for 1849-’50*, Dr. Lee (who is excellent authority on such subjects) says:—‘Several gentlemen at the South have stated, that to supply each slave, on a plantation, with bread, including old and young, requires from 12 to 13 bushels a year.’ Taking 13 bushels as the average consumption by the 22,000,000 people in the United States, of breadstuffs, and the aggregate is 286,000,000 bushels per annum. Without deeming it necessary to go into an explanation to prove why it is so, the fact may safely be assumed that the elements of fertility contained in all the meat, milk, butter, cheese, potatoes, fruit, and garden vegetables consumed by the American people, exceed by 10 per cent. the amount which exists in the grain consumed. It is sufficient for my purpose, however, to place the estimate below 10 per cent., and call the fertilizing elements contained in these articles of human food equal to 314,000,000 bushels of corn. By adding together the sums above named, we have the ashes of 600,000,000 bushels of corn, in effect, taken from American soils, of which next to none is ever returned.

“According to the estimate of the same gentleman, the aggregate annual loss of fertilizing matter equals the amount necessary

to form the ashes of 1,000,000,000 bushels of corn, or about double our present crop. This estimate is made without considering our large exportations of breadstuffs, and the sale of ashes. It further allows two-thirds of the manures of all domestic animals to be returned to the soil. In 1850, the value of animals slaughtered was \$111,703,142; this would equal 3,723,438 steers, at \$30 per head. The bones alone of these animals would be worth for manurial purposes about \$5,500,000.

“In the opinion of the writer, it would be improper to estimate the total annual wastes of the country at less than an amount equal to the mineral constituents of 1,500,000,000 bushels of corn.

“To suppose that this state of things can continue, and we as a nation remain prosperous, is simply ridiculous. We have as yet much virgin soil, and it will be long ere we reap the reward of our present improvidence. It is merely a question of time, and time will solve the problem in a most unmistakable manner. What with our earth-butchery and prodigality, we are each year losing the intrinsic essence of our vitality.

“Our country has not yet grown feeble from this loss of its life-blood, but the hour is fixed when, if our present system continue, the last throb of the nation’s heart will have ceased, and when America, Greece, and Rome will stand together among the ruins of the past.

“The question of economy should be, not how much do we annually produce, but how much of our annual productions is saved to the soil. Labor employed in robbing the earth of its capital stock of fertilizing matter is worse than labor thrown away. In the latter case, it is a loss to the present generation—in the former, it becomes an inheritance of poverty for our successors. Man is but a tenant of the soil, and he is guilty of a crime when he reduces its value for other tenants who are to come after him.”

Such being the facts, we need no longer be surprised that every intelligent foreigner finds himself forced to remark on the low condition of American agriculture generally, and upon the gradual diminution in the powers of the land. In New York, where, eighty years since, 25 to 30 bushels of wheat were an ordinary crop, the average is now only 14; while that of Indian corn is

only 25. In Ohio, a State that but half a century since was a wilderness, the average of wheat is less than 12; and it diminishes, when it should increase. Throughout the West, the process of exhaustion is everywhere going on—the large crops of the early period of a settlement being followed, invariably, by small ones in later years. In Virginia, throughout a large district of country once considered the richest in the State, the average of wheat is less than 7 bushels; while in North Carolina, men cultivate land yielding little more than that quantity of Indian corn. Tobacco has been raised in Virginia and Kentucky until the land has been utterly exhausted and abandoned; while throughout the whole cotton-growing country we meet with a scene of exhaustion unparalleled in the world, to have been accomplished in so brief a period. The people who raise cotton and tobacco are living upon capital—selling their soil at prices so low that they do not obtain one dollar for every five destroyed; and as man is always a progressive animal, whether his course be upward or downward, we may now readily understand the cause of the steady and regular growth of that feeling which leads to regarding bondage as being the natural condition of those who need to sell their labor. Trade leads necessarily to such results, and as the whole energies of the country are given to the enlargement of the trader's power, it is no matter of surprise that its people are everywhere seen employed in "robbing the earth of its capital stock." Let the existing system be continued, and "the hour is surely fixed" when, to use the words of the author of the passage given above, "America, Greece, and Rome will stand together among the ruins of the past."

Looking now to the facts thus far furnished, we find, first, that the larger the quantity of raw produce sent to distant markets, the smaller is the price at which it sells; second, that the smaller that price, the greater is the difference between the raw products of the soil, and the machinery required for its cultivation; and, third, that the more the dependence on the distant market, the greater is the tendency to pass from the cultivation of the richer to that of the poorer soils—always the road to centralization, slavery, and moral and physical death.

§ 4. With the growth of commerce, the development of the

powers of the earth, and the creation of local centres of action, land becomes divided, and the little farm of half a dozen acres is made to yield a larger quantity of raw material than before had been obtained from hundreds, or from thousands, of acres. With every increase in the power of trade, local centres decline, and the distant city takes their place. Property in land then becomes consolidated — the tenant-at-will and the day-laborer replacing the little and independent proprietor so much regarded by Adam Smith. So was it, as we have seen, in Italy and Greece, and so is it now in all the countries in which commerce has been subdued by trade. So is it in these United States — the little land-owner of New York gradually giving place to the great proprietor of thousands of acres of land, cultivated by men whose tenure is fully proved by the inferior character of the houses in which they live, and of the barns in which they store their wheat.* The rural population there declines, and from year to year there is experienced an increasing difficulty in maintaining the village schools and churches, while the great centres of trade, New York and Buffalo, increase in wealth and power from year to year. Such, too, is the tendency of Ohio, and such must it become, in succession, in all the Western States—the export of the raw products of the soil being followed, inevitably, by the export of men. Turning our eyes to Virginia, we see, says a recent writer, “that there is now good deer-hunting in the woods growing over the fine old agricultural estates of the Blands, the Byrds, and other once-renowned families; and that those cases are but specimens of thousands of others. Decayed and ruined churches are scattered all over the country in waste places where foxes now bark and owls hoot; grand old houses, once palatial in magnificence, are crumbling on deserted estates, which are advertised for sale at three to five dollars an acre, where ‘the ship-timber growing upon them near tidewater will twice pay the purchase-money.’ Other places there are,” as he continues, “once enclosed and bearing proud crops of corn, wheat, and tobacco, which now show but the dilapidated remains of a quiet mansion and numerous negro-

* “Exhaustion has diminished the produce of the land, formerly the great staple of the country. When the wheat fell off, barley, which at first yielded fifty or sixty bushels, was raised year after year, till the land fell away from this, and became full of weeds.”—JOHNSON: *Notes on North America*, vol. i. p. 259.

quarters, with a few surrounding acres growing stunted crops of corn and sweet potatoes, to feed the slaves on which the effete descendants of the Cavaliers rely for a crop of human beings to supply the demands of the Southern market." Such is the picture now presented by a State abounding in water-powers unused, and rich in iron ore and coal to an extent scarcely anywhere exceeded in the world; and such it is, because its people have steadily refused to call to their aid the cheap substitutes for human labor provided by all-powerful nature — preferring to continue dependent on the mere brute force of the human arm.* Passing thence into South Carolina, we see millions of acres of rich meadow-lands totally unoccupied. Other millions there are whose occupants have so entirely exhausted them, that the rich farms of olden times can no longer be sold even at the cost of the buildings; and for the reason, that under the existing system, the population so steadily decreases as to afford room for the belief, that the day is fast approaching when the State will be abandoned to the foxes and the owls.†

Precisely similar to these are the facts presented for our consideration by Georgia and Alabama, Mississippi and Louisiana.‡ The land is everywhere dying out, with constantly increasing tendency to its consolidation in the hands of large proprietors,

* "How many of our people do we see disposing of their lands at ruinous prices, and relinquishing their birth-places and friends, to settle themselves in the West; and many not so much from choice, as from actual inability to support their families and rear and educate their children out of the produce of their exhausted lands—once fertile, but rendered barren and unproductive by a ruinous system of cultivation.

"And how greatly is this distress heightened in witnessing, as we often do, the successions and reverses of this struggle between going and staying, on the part of many emigrants. And how many are there who, after removing, remain only a few years, and then return to seize again upon a portion of their native land, and die where they were born. How strangely does it remind us of the poor shipwrecked mariner, who, touching in the midst of the storm the shore, lays hold of it, but is borne seaward by the receding wave; but struggling back, torn and lacerated, he grasps again the rock with bleeding hands, and still clings to it as a last and forlorn hope! Nor is this to be wondered at. Perhaps it was the home of his childhood—the habitation of his fathers for past generations—the soil upon which had been expended the savings and nourishment, the energies and virtues, of a long life — 'the sweat of the living, and the ashes of the dead.'" — STEVENSON: *Discourse before the Agricultural Society of Albemarle*.

† See *ante*, p. 88.

The reader who desires to see the actual condition of agriculture in the Atlantic slave States, will do well to consult *The Seaboard Slave States*, by F. L. OLMSTED, New York, 1856.

‡ See *ante*, p. 198.

who become poorer from year to year. All this, we are told, is a consequence of the fact, that "slavery is not adapted to the operations of scientific agriculture;" but here, as usual, modern political economy substitutes effect for cause—the continued existence of slavery being a result of the absence of that combination which is necessary to the advancement of agriculture. Men become free as they are enabled to diversify their employments, to associate and combine, and thus to obtain power over nature—compelling her to labor in their service. With every step in that direction, the land becomes enriched, and THE MAN appears—taking the place of the mere brute beast who before had scratched the land. Freedom came to England along with manufactures; and in every country of the world men have become free in the precise ratio in which they have been enabled to substitute the great natural powers for mere muscular force.

§ 5. With the growth of commerce, and the increase in the power of association, the farmer is enabled to vary the objects of cultivation—substituting potatoes, turnips, and other products, of which the earth yields by tons, for wheat, of which it yields by bushels, and for cotton, the yield of which is pounds. With the decline of commerce and growth of the power of trade, the market becomes more distant, and he is compelled to limit himself to the few commodities of which the earth yields but little, and that will, therefore, bear transportation. Each and every plant requires for its nourishment certain elements, by the continual extraction of which the earth is impoverished; and thus do the exhaustion of the land, and the dispersion of men, in one year, prepare for further exhaustion and dispersion in another one. Such having been the case with cotton and sugar cultivation in the Southern States, and that of wheat and tobacco in the more Northern ones, the consequences are seen in the fact, that the impoverishment of the soil and the dispersion of population proceed from year to year at a constantly accelerated pace.

The more rapid the dispersion, the smaller is the quantity of commodities returned to the labor bestowed upon the land, the larger the *proportion* thereof absorbed by the trader and transporter, and the greater the tendency towards centralization and slavery. The people of India, as we have seen, do not obtain

more than \$1,200,000 for their whole cotton crop, but when it is returned to them in the form of cloth, it costs them more than \$30,000,000 — all the difference going to the people engaged in changing its place and form, and in making the exchanges. Hence it is that so many of them are found selling themselves to slavery in the Mauritius. The Irishman parts with raw material at the lowest prices, and buys it back at the highest ones ; and hence it is that those who escape famine and pestilence so gladly abandon their native land. The people of Texas obtain cents for their cotton, and pay dollars for the cloth, the iron, and the implements they require — all the difference going to the men who own horses and wagons, ships and steamboats, and the thousand other middlemen who stand between those who produce and those who consume.* Hence the barbarism of all the Southern implements of husbandry, and the growing love of slavery.†

§ 6. The more perfect the power of association and combination, the more rapid is the progress of agricultural knowledge, the larger is the quantity of commodities obtained from the earth, and the smaller is the proportion required for paying the tax of transportation and exchange — and the larger is the power of the planter and farmer to determine for themselves the application of their labor and their land. The less that power, the more does agriculture cease to be a science, the smaller is the quantity of things obtained, the larger is the proportion required by the trader and transporter, and the more rapidly does the cultivator sink to the condition of a mere slave, to be controlled in all his operations by those who stand between himself and the consumer of his pro-

* "We have been without coffee, sugar, tea, or flour for the past six months. We have had no potatoes for two years, and no sweet potatoes this year. We have had no pea crop the past season, not being able to get seed. In fact, we have been literally starving almost in sight of abundance. My bagging and rope cost me last year 23 and 14 cents, and my cotton, owing to the high rate of transportation, only netted me 5 cents. This represents the actual state of things in my section, and within a few miles of two important rivers." * "What avail good lands and rich crops, without markets in which to buy and sell?" — *Letter from Texas, in a New Orleans Journal.*

† "The '*nigger hoe*' was first introduced into Virginia as a substitute for the plough, in breaking up the soil. The law fixes its weight at *four pounds* — as heavy as the woodman's axe! It is still used, not only in Virginia, but in Georgia and the Carolinas. The planters tell us, as the reason for its use, that the negroes would break a Yankee hoe in pieces upon the first root or stone that might be in their way." — *Correspondence of the New York Tribune.*

ducts. The men of India and of Ireland, of Turkey and of Portugal, of Jamaica and of Brazil — though claiming to be free — have no power to determine how they will employ their land or their labor. The price of all their commodities is fixed in the great central market, filled, as it is, by men who desire that corn and flax, sugar and coffee, cotton and indigo, may be cheap, and cloth and iron dear. They are thus kept so poor as to be unable to help themselves, and to be forced to rely upon advances made to them by the trader, who exacts, of course, a lion's share of the product of their efforts; and the larger his share, the greater is his power to *compel* them to remain dependent upon his favor. Occasionally, he lends them a part of the capital thus extorted, for the purpose of making roads and further facilitating the exhaustion of their land; but the more roads they make, the greater is the tendency to further dispersion and further loss of power. The railroads of Ireland were preliminary to the famines, pestilences, and dispersions that since have taken place; while those of India are but the preparation for further and more complete exhaustion of its soil and diminution of its population.

So is it here. The more roads that are made, the more rapid is the dispersion of the people — the less is their power of combination — the smaller are the prices they obtain at market — the more rapid is the growth of the central cities — and the more entire is the dependence of the country upon those cities for advances upon the growing crops, or for aid in the construction of roads; but the more splendid are the palaces erected by “the merchant princes,” whose fortunes increase most rapidly when the farmer is forced to accept the smallest price for his flour—when the planter obtains least for his cotton—and when the land is being most rapidly exhausted.

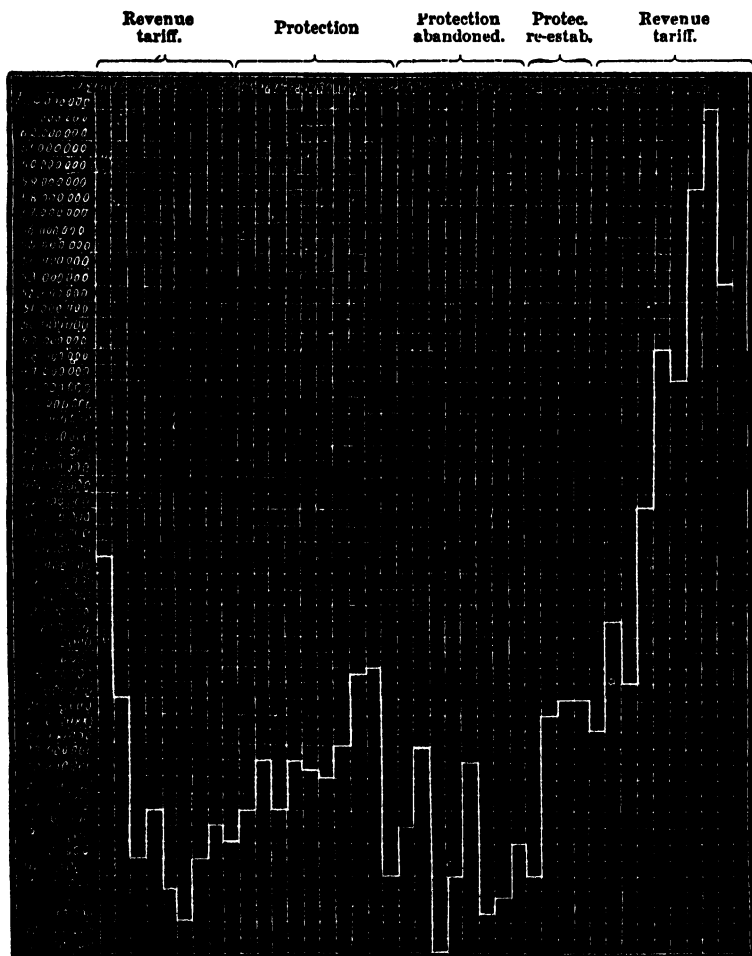
The objects of the trader are directly the reverse of those desired by the men who labor to produce, and who must consume. He wishes that corn may be cheap and flour dear, that cotton may be low and cloth high; and the more wide the separation, the larger is the proportion of the commodities by him retained. His power grows with dispersion of the people and diminution in the power to maintain commerce; and such is the course of things in all the countries that follow in the lead of England, the United States included.

§ 7. The trader thrives by means of changes in the prices of the commodities in which he deals. He desires to buy cheaply and sell dearly; and the more frequent the vicissitudes of trade, the more numerous are his chances for accumulating fortune. The farmer and the planter, the miner and the smelter of iron, desire steadiness, for they must make all their arrangements for years ahead. The man who clears a piece of land, desiring to make of it a home for his wife and children, is engaged upon a work requiring much time for its execution, and he would wish that wheat or cotton should command as high a price when he might become ready to sell, as he found himself compelled to pay while engaged in making his food-producing machine, and obliged to purchase. The cotton-mill requires years for its construction, and other years for the collection and efficient organization of the people who are there to work. The mines, the furnace, and the rolling-mill require years of exertion, and hundreds of thousands of dollars of expenditure, before they begin to repay their owner. The trader, on the contrary, buys and sells from hour to hour, and the more he can *cause* changes in the value of wheat and flour, cloth and iron, the greater is the probability that he will be able to enter upon the possession of the land of the farmer, the mill of the cloth manufacturer, the furnace of the maker of railroad bars, or the road of the man who has invested his fortune in a great improvement — and at half the cost at which this machinery has been constructed. Trade and commerce look, thus, always in opposite directions — the one towards frequent and rapid changes of price, and the other towards stability and regularity.

In the trade-ridden countries to which we have referred, instability grows from year to year, and this it does in virtue of a great law, which requires that stability shall decline in the precise ratio of the approximation of a body to the form of an inverted pyramid. In France, where commerce is acquiring power over trade, there is, as has been seen, a steady onward progress, accompanied by a stability that grows despite of frequent political revolutions. So is it in Prussia and in Denmark, in Russia and in Sweden; and so must it be in every country in which the circulation of society becomes more continuous, with constant increase of force. — Steady motion is requisite to the perpetuation of all machinery,

social or physical. How far it is attained in this country, will be seen on an examination of the following diagrams, exhibiting the rise and fall in the customs, land, and total revenue:—

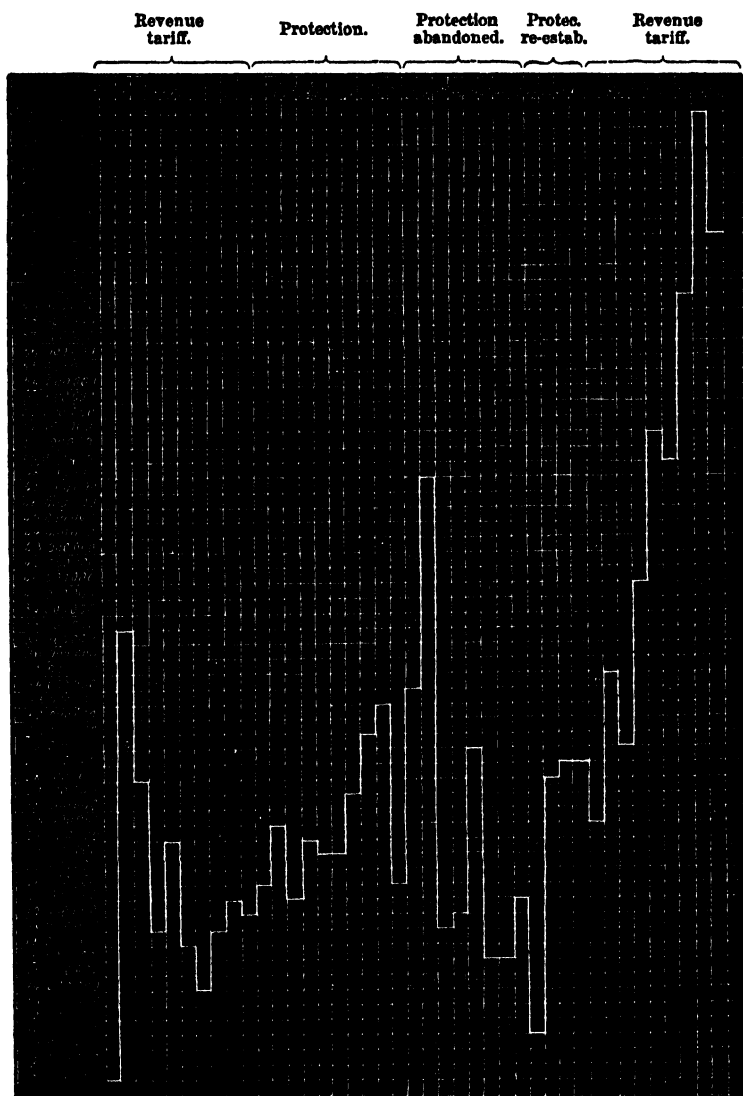
I. Customs Revenue.



II. *Land Revenue.*

Adding to this table the land given away in the last three years, and sold for the benefit of private individuals, the figures of those years would be carried to a point far higher than that of the period which found its culminating point in 1836.

Note, 1858.—The more perfect the continuity of motion, the more regular is the action, and the greater is the force, whether in the physical, moral, or social world. How little that regularity is obtained, under the existing free trade system, is well exhibited in the fact, that the revenue, which rose in 1856 to \$74,000,000, has already fallen to little more than \$30,000,000. The tendency of a dispersive and aggressive policy, to augment the demands upon the public treasury, is also well exhibited in a rise of the expenditures, from \$60,000,000 to \$90,000,000.

III. *Total Revenue.*

That the reader may now fully understand the figures above given, he should here have placed before him a brief view of the various changes of policy they indicate. The first of the years in

the last of these diagrams—1815—embraced several months of war with Great Britain, when the Atlantic States were blockaded, and when, consequently, the customs revenue was trivial. In the following year, protection was in a great degree withdrawn, and importations rapidly increased, with great increase of revenue, and almost total annihilation of industrial activity. Circulation then almost ceased, and such was the exhaustion of the country that the revenue fell to \$15,000,000. With 1824, there came a change, protection being to a certain extent re-adopted; and now, during a period of four years, the stability was such that the greatest variation above the mean sum of \$22,750,000, was \$2,250,000, or one-tenth; whereas, in the previous period it had risen to \$38,000,000 and fallen to \$15,000,000. Next came the tariff of 1828, the first that was based upon the idea of protection for the sake of protection; and now we find a steady and regular increase corresponding with those of Germany, Russia, and Sweden—the changes having been as follow:—

1829	\$23,000,000	1832	\$31,000,000
1830	23,000,000	1833	33,000,000
1831	27,000,000		

The power to purchase foreign commodities, and to maintain commerce with foreign nations, was thus growing steadily with the growth of commerce at home; and the result was seen in the emancipation of tea, coffee, and many other articles of import from the payment of any duty whatsoever.* Now, however, there came a change in the opposite direction—the Compromise Tariff, which was to commence to take effect in the fiscal year 1833–4, becoming the law of the land, and providing for the abolition of all protection by gradual steps, the last of which was to be in 1841–2. Forthwith, all order ceased. Imports became large, speculation became rife, and the revenue ran up to \$48,000,000, to fall a few years later, after a succession of changes unparalleled in any civilized nation, to \$11,000,000. The power to pay for foreign merchandise had passed away. Commerce abroad had ceased with the stoppage of circulation at home; and now, of pure necessity, the protective tariff of 1842

* To this reduction is chiefly due the large decline of customs revenue in 1834.

became the law of the land. Forthwith, the revenue rose from \$11,000,000 to \$28,000,000, at or near which point it remained until the system again was changed at the close of 1846. Since then, it has been down to \$26,000,000 and up to \$72,000,000, down to \$30,000,000 and up to \$64,000,000, down to \$41,000,000 and up to \$61,000,000 — being governed by no law whatsoever ; and now, at the close of the decade, we have a period of gigantic speculation corresponding exactly with that of 1836, and promising to terminate as did the Compromise period in 1841–2, when public and private credit had wholly disappeared.

§ 8. From the foregoing facts, the reader will perceive that during the last forty years the rule of the country has been that of encouraging trade, and that it has been only in two very brief periods — 1828 to 1833, and 1842 to 1846 — that any effort has been made to promote the growth of commerce. Adding to these the period of the semi-protective tariff of 1824, we obtain thirteen years in which the system has tended in the one direction, against twenty-seven in the other. Next, it will be remarked that all the steadiness of movement is to be found in those thirteen years — the difference between the average revenue and the actual amount of any single year being to the last degree unimportant, as here is shown :—

1825 ... \$21,000,000	1829 ... \$24,000,000	1844 ... \$29,000,000
1826 ... 25,000,000	1830 ... 24,000,000	1845 ... 30,000,000
1827 ... 21,000,000	1831 ... 27,000,000	1846 ... 29,000,000
1828 ... 24,000,000	1832 ... 31,000,000	1847*... 26,000,000
	1833 ... 33,000,000	
<hr/> 91,000,000	<hr/> 139,000,000	<hr/> 114,000,000
Average... \$22,750,000	\$27,800,000	\$28,500,000

Steadiness is an essential characteristic of civilization ; unsteadiness, of barbarism. In the thirteenth century, the price of corn in England fluctuated between 6s. and £16 16s. per quarter. In the fifteenth, between 5s. and £2 6s. 8d.; and in the sixteenth, between 2s. and £4 12s. In the seventeenth, the greatest difference was between £1 5s. 2d. and £4 5s.; whereas, now, a change

* The fiscal year and the calendar one not being the same, it may be proper to state that it extends from July 1 to June 30, and that, therefore, 1844 means properly 1843–44, and 1847, 1846–47.

of 40, 50, or 60 per cent. is deemed a remarkable one. In savage life, there can be no stability, and for the reason, that man is then the slave of nature. With growing wealth and power, he becomes her master; and now it is that society assumes a regular form, and that the movements of each successive day become more and more the counterparts of those which had preceded—being scarcely at all distinguished from them except by a regular and gentle increase in wealth and power, such as marked the three brief periods above referred to. This is advancing civilization. The reverse of all this is seen in countries of advancing barbarism—crisis following crisis, each in succession more severe than the last, until at length the machine of society falls to pieces, and chaos universal reigns. So was it in Greece and Rome, and so must it everywhere be—regularity of motion being as essential to the progress of society, and to advance in civilization, as it is to the maintenance of the motion of a steam-engine or a watch. Tried by this standard, the American Union tends towards barbarism, the crisis of 1842, which preceded the passage of the tariff of that year, having been far more fearful than that of 1821, which prepared the way for the tariff of 1824; and that now in preparation being likely as far to surpass that of 1842 in its severity as we know the latter to have exceeded its predecessor.*

* In the crisis of 1821, the credit of the Federal government remained entirely unimpaired, although it had just come out of an expensive war, and was burdened with a heavy debt. In that of 1842, the credit of the government wholly disappeared, although the debt had, but a few years previously, been entirely extinguished.

Note, written in 1858.—The author desires again to remind his readers, that the above sketch of the movements of the American Union was written in 1856, in the midst of a glare of fancied prosperity, such as had never before been known.

CHAPTER XXVIII.

THE SAME SUBJECT CONTINUED.

§ 1. THE closer the approximation of the prices of raw materials and manufactured commodities, the more does society tend to assume its natural form—the greater is the tendency to stability and regularity of movement—and the more rapid is the advance in civilization, wealth, and power. The more those prices tend to recede from each other, the more does society tend to take the form of an inverted pyramid, the less is the regularity of movement, the greater is the tendency towards barbarism, and more rapid is the decline in wealth and power. In the United States, those prices *do* recede—more cotton and more flour being at this day required to pay for any given quantity of iron, copper, tin, or lead—the most essential of the commodities required for advance in civilization—than was needed for that purpose half a century since.*

* The several metals here referred to are indirectly, though not directly, the produce of wheat and cotton. The value of iron is the measure of the resistance that is to be overcome in obtaining it. That resistance is to be overcome by means of labor, and that labor represents food and clothing. As the natural forces are brought to the aid of man, less labor—*i. e.* less food and clothing—is required for the extraction of the fuel and the ore, and for their conversion into iron; and the quantity of the latter obtainable in exchange for the raw materials of food and clothing should steadily increase, unless the labor required for the production of corn and wool should diminish in a corresponding ratio. That it does not do so, we know. In the last half century, the natural forces required for the service of the miner and smelter have been, to a far greater extent than those required by the farmer, subjected to the control of man; and yet the men who produce wheat and cotton have been seen (*ante*, p. 204) to be required to give a constantly increasing quantity of their products in exchange for any given quantity of iron, copper, tin, or lead. They do, it is true, profit by the diminution in the labor required for converting those metals into axes, ploughs, and other instruments; but they lose by the fact that the prices of the metals are sustained, while those of their commodities so steadily decline. The iron producer gains on every hand—by improvements in the machinery by means of which cotton is converted into cloth—by the reduction in the price of the cotton itself—by the fact that he is always improving his machinery, and always, therefore, passing from the less productive to the more productive beds of coal and iron. The effect of this is seen in the fact, that while the latter obtain, in exchange for a ton of iron, thrice the quantity of cotton-yarn

The closer that approximation, the greater is everywhere the tendency to increase in the productiveness of the soil—with growing power of association and combination. The more remote those prices from each other, the greater is the tendency towards exhaustion of the soil, with declining power of combination. Throughout this country, the powers of the soil decrease, and thus are we presented with another of the phenomena which everywhere else have attended declining civilization and approaching barbarism.*

The more the soil becomes enriched, the greater is its power of attraction, the more rapid is the growth of commerce, and the more civilizing are the tendencies of the time. The more it is impoverished, the greater is its repulsive power, the slower becomes the growth of commerce, and the more rapid is the decline of civili-

that could have been obtained forty years since, the former give thrice the quantity of cotton in exchange for a ton of bars with which to lay their roads.

In a former chapter, (vol. i. p. 269,) the quantity of iron obtainable by the Ohio farmer is shown to have increased—a consequence of improvement in the roads by which he goes to market. The offset against this is to be found in the constant exhaustion of the soil; and hence it is that that new State, the creation of little more than half a century, has already become the great emigrating State of the Union. The mowing and reaping machines, and the horse-rake, facilitate the exhaustion of the elements required for the production of wheat and corn; and the railroad facilitates their exportation. Under the existing system, the more numerous those improvements, the greater must be the tendency towards emigration and isolation, and isolation tends towards barbarism.

* The facts presented for consideration in all purely agricultural countries correspond precisely with those observed in the planting States of the American Union. Thus, in Brazil, cultivation commenced in the vicinity of those places in which towns and cities now are found: but as the land became exhausted, the planters gradually receded from them—leaving deserts where they had found the most productive lands. The cost of transportation, therefore, steadily increases; and the more it does increase, the less is the proportion of the labor of the community that can be given to production. As necessarily occurs in all such cases, the thirst for land is great, and properties are very large. Large proprietors—unwilling to give their attention to the production of any thing but their one great staple, coffee—prefer to purchase grain rather than to raise it. Food, therefore, becomes more costly from year to year. A case is stated, of a planter who had made a large crop of coffee, but was unable to send it to market, because he could not purchase the corn required to feed his mules upon the road. The reader who desires to satisfy himself of the entire identity of the system of Brazil and Carolina, and of the destructive effects of an exclusive agriculture, may do so by consulting a recent work on that country by M. *Lacerda Warneck*, a summary of the contents of which is given in the *Journal des Economistes*, for July, 1856. The remedy there prescribed for all these difficulties is an improvement in the modes of cultivation, but agriculture is the last of all the sciences to attain development. It follows always in the wake of manufactures; and if Brazil would improve her cultivation, she can do so on no other condition than that of placing the hammer and the loom in the neighborhood of the plough and the harrow.

zation. In this country, as has been shown, the attractive power of the soil diminishes, and men are almost everywhere flying from each other as if from pestilence—the enormous emigrations of the barbarous ages of Europe being here reproduced, and affording conclusive evidence of decline in civilization, wealth, strength, and power. What are the lesser phenomena by which decay is manifested, and how they influence the various portions of society, we may now inquire.

At the return of peace in 1815, land was high in price—a market having been already made at home for the most important of its products. Protection being discontinued, that market disappeared, and the result was seen, six years later, in the almost universal ruin of the farmers—judgments being everywhere entered up—mortgages being foreclosed—sheriffs' sales abounding to such extent as at length to force the people of the agricultural States to the adoption of laws staying the execution of the judgments of their courts—and land falling to a fourth of the price at which it had sold but seven years before. The sales of public land, and the revenue therefrom, had trebled in the period from 1814 to 1818–19—thus increasing the number of farmers at the moment when the market for their products was gradually disappearing—and thus preparing the way for that decline in the price of the products of the farm whose steady progress is exhibited in the figures already laid before the reader.

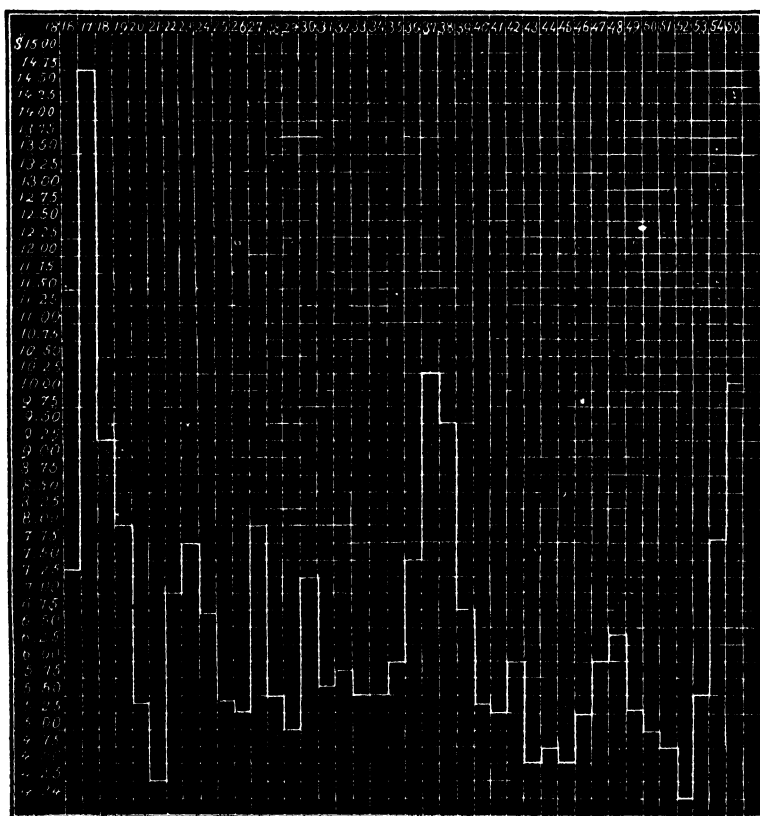
By 1824, the land revenue had fallen to less than a third of the amount at which it had stood in 1819. Thenceforward—protection having been re-established—it went gently up, until in 1832 and 1833 it averaged \$3,295,000—being almost precisely the amount it had so suddenly attained thirteen years before. In the mean time, the population had increased about two-thirds; and so regular had been the increase in the home demand for food, that now, for the first time in the country's history, its price was wholly uninfluenced by the fall of foreign markets. From 1828 to 1831, the price of wheat in England had been high—averaging £3 4s. 3d. per quarter, or \$1.72 per bushel. From that period, it fell regularly, until, four years later, it was but £1 19s. 4d., or \$1.05 per bushel; and yet the price of flour in the American ports remained entirely unaffected; as is shown by the following figures, derived from the recent Treasury Report:—

Average of 1828 to 1831.....				\$5 84
1832	\$5 87	1834	\$5.50	} 5.72
1833	5.50	1835	6.00	

The Compromise tariff had now, however, begun to operate. Mills ceased to be built, and importations rapidly increased. The mechanic arts no longer affording an outlet for the growing population, emigration to the West grew rapidly, accompanied by enormous speculation in the public lands — the speculator always desiring to go in advance of the poor settler, and to profit at his expense. The land revenue rose from \$4,000,000 to \$14,000,000 and \$24,000,000, after which, for four succeeding years, it averaged \$5,000,000; and thus in six years was more land disposed of, than had been sold in the forty preceding ones. The consequences were such as might have been expected. While the new farms were being created by help of labor diverted from the old ones, food was scarce and high; but by the time they were ready to supply the market, their owners found that commerce had disappeared. Land again fell in price, and mortgages were foreclosed; and once again were tens of thousands of farmers turned adrift upon the world to recommence their labors as they might. We have here the second great stage of preparation for the extraordinary fall in the price of food that has been exhibited.

The land revenue now (1842) fell to little more than a single million, from which point, under the protective tariff of that year, it rose gradually until, five years later, it had again reached \$3,000,000. Soon after, the discovery of the treasures of California came in to make demand for manufactures and give activity to commerce; and so long as that activity continued, the sales of public lands continued small, but now — the building of mills and furnaces having ceased — the revenue from that source, in the last two years, has attained an average of \$10,000,000. If to this be added the sales of land granted to railroad companies, we obtain a total for those years of at least \$50,000,000, or twice the amount of the twelve years from 1840 to 1852. These sales are an index to the exhaustion of the land, the dispersion of the people, the decline of commerce, and the growth of the power of trade; and as those of 1818 were followed by the agricultural ruin of 1821, and those of 1836 by the ruin of 1841, so must those of 1854–56 be followed by similar effects at a period that is but

little distant. In 1852, flour was lower than it had ever been; but — unless counteracted by the increasing supplies of gold, and by the diminished competition of Continental Europe, now so busily engaged in creating a domestic market for food—a fall to a point still lower is yet to be witnessed. How far this view is correct, the reader will judge for himself after studying the following diagram, and marking that the lowest prices have always followed almost immediately after the highest ones; and marking, too, that these extraordinary changes have, *invariably*, been the attendants of the system that looked to depriving the farmer of protection, and thus maintaining, even where not increasing, the tax of transportation :—



Instability being the distinctive mark of barbarism, and being here presented to us as the constant attendant upon the system

which repudiates the idea of protection, we are thus afforded a test that is conclusive as to the merits of that system, and those of the one to which it is opposed. The farmer, more than other members of the community, requires stability—his investments being generally made a year, or more, in advance. The trader buys flour on one day and sells it on the next; but the farmer needs to determine in the autumn in what manner he will appropriate his land for the year to come. If the price of wheat falls and that of tobacco rises, he can make no change, but the trader can—selling the one at the first appearance of a downward movement, and buying the other at the appearance of an upward one. The skilful trader desires change, and the more frequent its recurrence, the more numerous are his chances for accumulating fortune; but instability is ruinous to the farmer and the planter. The objects of the two are widely different; and yet the agricultural interest appears most generally before the world as the advocate of trade, and as the opponent of the policy that is based upon the idea of the extension of commerce and consequent emancipation of the land from the oppressive tax of transportation. Hence it is, that we meet with the conclusive evidences of declining civilization that are, in one part of the Union, supplied by the growing belief in the divine origin of slavery, and in the necessity for its continuance; and in the other, by the facts, that in the older States property in land becomes more consolidated—that in all of them the poor rent-paying tenant is taking the place of the small proprietor—that almost everywhere exhaustion of the soil is proceeding with accelerated rapidity—and that men are, everywhere, more and more compelled to relinquish the advantages of that association and combination with their fellow-men, to which alone they can look for the power to call the great forces of nature to their aid.

§ 2. The coal-miner, the smelter of ores, the cotton and woolen manufacturer, and all others engaged in the work of production, are like the farmer in the fact that they need stability and regularity—giving a steady circulation of labor and its products, and increasing their ability to add to the machinery required for their operations. That having been obtained, they are enabled in each successive year to profit by the experience of the past, and to give to the farmer a constantly increasing quantity of cloth

in exchange for a constantly diminishing quantity of food and wool — the prices of the two tending steadily and regularly to approach each other. That stability, and that regularity of circulation, have, however, been to the people of the United States things entirely unknown. At times, as in the two periods ending in 1835 and 1847, it has been approached, but in every case it has proved but a mere lure for inducing men of skill and enterprise to waste their fortunes, and their time, in the effort to advance the interests of the community, with ruin to themselves.

From 1810 to 1815, mills and furnaces were built, but with the return of peace, their owners—embracing large and small capitalists, working-men and others, the most useful portions of the community — were everywhere ruined, and the people who had been employed were turned out to seek in the West the support they could no longer find at home. Land sales then, as we have seen, became large, and, next, the farmer suffered as the manufacturer previously had done. From 1828 to 1834, such establishments were again erected, and the metallic treasures of the earth were being everywhere developed; but, as before, the protective system was again abandoned, with ruin to the manufacturer, accompanied by enormous sales of public land, and followed by ruin to the farmer. From 1842 to 1847, mills and furnaces were again constructed, and then, from 1848 to 1850, they were again closed, and the effect was seen, in 1850–52, in the fall of flour to a price lower than had ever before been known. The perfect harmony of all true interests, and the absolute necessity for protection to the farmer in his efforts to bring the artisan to his side, and thus relieve himself from the heavy taxation to which he is subjected by trade, are here exhibited in the strongest light. No one who studies the regular sequence of these facts, can hesitate as to full belief in that portion of the doctrine of *The Wealth of Nations* which teaches that the English system, based as it is upon the idea of cheapening all the raw materials of manufacture, “is a manifest violation of the most sacred rights of mankind.”

In the last ten years, few mills or furnaces have been erected — the value of those in existence having been, in general, so far below the cost of production as to have afforded no reason for making any addition to their number.

The history of industry in no civilized country of the world

presents such a scene of ruin as is found in the manufacturing, mining, and railroad history of the American Union. Of all the persons concerned in making those great improvements required for diminishing the distance between the consumer and the producer—for enabling the producers of wool, flax, and food readily to exchange for cloth, linen, and iron—and for reducing the prices of manufactured commodities, while raising those of the raw products of the earth—a large majority have been ruined; and the result is seen in the facts, that the various metals are rising in price, as compared with flour and cotton—that the farmers, as a rule, are poor—that with each successive year the land is being more rapidly exhausted—and that the country exhibits so many other evidences of declining civilization.

§ 3. Commerce enables the farmer to pass from the poor to the rich soils—availing himself, for the clearing and drainage of the lower lands, of the experience and the machinery obtained in cultivating the higher ones. It is the first step that is always the most costly, and this is equally true in reference to agriculture and manufactures, to the individual and the community. In the history of the United States, however, we find but a succession of such steps, with a waste of power whose extent cannot be estimated. Farm after farm, and State after State, are cleared and occupied, to be then, in part at least, abandoned. Mills follow mills, and furnaces follow furnaces—ruining in quick succession those who undertake such works. Master and workmen spend years in acquiring skill—to be then turned adrift to seek in the wilds of the West the food and clothing that have been denied to them among the already settled lands of the East. In no civilized country of the world is there so great a waste of capital, and all because the policy of the country is wholly directed to the aggrandizement of trade at the expense of commerce.

§ 4. Growing commerce tends to the elevation of the laborer and small capitalist towards the level of the great one. Increasing supremacy of trade tends to sink the small capitalist to the level of the day-laborer. The one is evidence of advancing civilization; the other, of decline in wealth and power. The history

of the Union is but a record of the ruin of the small farmers and small manufacturers, whose property has been sacrificed, at half its cost, for the benefit of the traders to whom they have been forced, by constantly recurring stoppage in the circulation of society, to become indebted.

Commerce tends to give to the labors of the present increased control over the accumulations of the past. Trade tends to produce the reverse effect. In the periods of protection, money has been cheap, and labor has been in demand. In those in which protection has been withdrawn, money has gradually risen in price, until at times it has become entirely unattainable, as in 1821 and 1842. For the last few years, the rate of interest in the larger cities has ranged between 8 and 30 per cent. per annum; while the poor emigrant has gladly paid 50 and 60 per cent. for the use of money that, under other circumstances, he might readily have had at 6. Money is moderate in price and easily obtained when the circulation of labor and its products is rapid, as was the case in 1832 and 1846. It is always dear when the circulation is sluggish, as it becomes in every period when commerce is perishing under the assaults of trade.

Commerce, creating local centres, enables the farmer to vary his products, and thus, by degrees, to free himself from the necessity for going to a distance, while emancipating him from the tax of transportation, and from the control of the distant trader. Becoming rich, he improves his machinery of cultivation, and combines with his neighbors for the purpose of making roads to the various markets, near or distant, that offer outlets for the commodities yielded by his land. Trade, on the contrary — crushing local centres — compels the farmer to confine himself to those commodities that will bear to be carried to the distant city — thus maintaining the tax of transportation, and keeping him within the control of the people who command the movement of the central market. Remaining poor, he finds himself unable to clear or cultivate his richest soils, and is therefore forced to solicit the aid of the distant trader when desiring to have a road by which to carry, even to himself, the products of his farm.

The people of Germany and France, of Belgium and of Russia, make their own roads. Those of Ireland and India are forced to seek abroad the means for making roads at home; *and the more*

the roads that thus are made, the poorer do they become. So has it been, and so is it, with the people of these United States. In 1836, hundreds of millions of dollars' worth of foreign cloth and iron were purchased on credit, by help of which to make canals and roads, and the result was seen in an enormous dispersion of population, followed by an amount of agricultural distress that never had been exceeded. With the passage of the act of 1842, all this ceased — foreign loans no more being needed.

With the renewal of the trading system under the tariff of 1846, the state of things that existed in 1836 has again returned. At no period has the power of the trader been so great as at the present moment, when the first decade of the existing system is just completed. Farmers and planters everywhere find themselves compelled to depend for the making of their roads on the favors of city brokers and traders — favors paid for at the rate of 10, 12, or 15 per cent. per annum, on mortgage bonds that must eventually transfer to their holders the whole property in the roads on which they are secured. The country is thus drained of its means for the creation of a great moneyed aristocracy, all of whose movements tend to the exhaustion of the soil and the impoverishment of its owner.

Commerce creates villages and towns — making local demand for labor to an almost infinite extent, that would otherwise be unemployed. Trade annihilates villages, and builds up cities in which the palaces of "merchant princes" are surrounded by hovels occupied by men and women from the country, compelled to make their election between emigration to the West, on the one hand, or to the city, on the other. The periods of protection witnessed the creation of local centres everywhere, with rapid growth of commerce. Those of free trade have seen their ruin; but as compensation therefor, palaces have risen in New York and Boston, Cincinnati and Chicago, to be occupied by men whose fortunes are the result of buying from the farmer at low prices, and supplying him with what he needs at high ones.* Thus far, the

* "It is said there are not less than a dozen private residences in New York city, recently erected, which cost from \$100,000 to \$150,000 each, rivalling in magnificence the royal palaces of Europe, and inferior only in point of magnitude. The most elegant dwelling in the city is reported to have cost about \$250,000. In one residence, that has been fitted up in a most gorgeous style, \$54,000 was expended in four or five of the apartments,

creation of such establishments has always been the precursor of ruin to the agricultural interest, and there appears no reason to doubt that such is again to be the case.

§ 5. Commerce promotes the development of the treasures of the earth, and enables men to come nearer together — to find instant demand for all their faculties—and to accumulate wealth and power to be used in the peaceful pursuits of life. Trade causes the exhaustion of the soil and the dispersion of men, while stopping the circulation of society and causing large numbers of people to be unemployed, and ready to occupy themselves in the work of war and plunder. Trade made the war of 1812. Trade and dispersion made the great Florida war of 1837, at a cost of thirty millions of dollars. Thirst for territory, consequent upon the exhaustion of the Southern States, caused the appropriation of Texas, followed by the Mexican war and the seizure of California. To the same cause we have to attribute the recent Indian wars, the thirst for the appropriation of Cuba and Dominica, and the design to seize upon Central America. Trade is always dispersive and warlike. It sends fleets to Japan, and expeditions to Africa and the Amazon — seeking outlets for population abroad, while closing the markets for its labor at home. Commerce, on the contrary, looks to concentration, wealth, peace, and happiness. It makes no wars. Nowhere in the world, did there exist more perfect peace than in all the relations of this country from 1824 to 1835, and from 1842 to 1846. Nowhere has there been manifested a more anxious desire to erect a splendid empire, and at any sacrifice of honor and of honesty, than has been manifested since 1847. Free trade, filibusterism, and weakness, travel thus together.

Commerce tends to enrich the people, while producing economy in the administration of the government. Trade impoverishes the people, while enriching all connected with the expenditure of the public revenue. Thirty years since, \$10,000,000 supplied all the means required. Ten years later, under the system of exhaustion

a single room being fitted up at a cost of from \$25,000 to \$30,000." — *New York Journal*.

Side by side with these palaces, there is a squalid poverty worthy of any of the cities of the Old World.

and dispersion, the expenditure was quadrupled. Commerce being again reinstated in the direction of affairs, the amount was speedily reduced one-third. Trade, however, obtaining again the direction, the expenditure has now been carried up to \$60,000,000—and, with each successive year, the country, despite the growth of population, becomes more feeble, and more incapable of self-defence, than it had been before. The system that adds California to the Union is the same that diminishes the rural population of the State of New York, while filling its city with an enormous pauper and vagrant population. It is the one which exhausts the soil at home, and leads to the thirst for guano islands, the property in which is to be maintained at the cost of war; and yet the manure *annually* carried from the land of the States of the American Union is probably greater in amount than is to be found on all the guano islands of the world.

Commerce diminishes the necessity for the transporter's services, and lessens his power. Trade makes him the master of the men who drive the plough and follow the harrow. The one opens mines and builds furnaces, and thus creates the power to make local roads. The other destroys the power to support them, even where they have been made; but it creates great thoroughfares, whose management is so directed as to tax the local commerce for the support of the distant one, and thus to increase the necessity for emigration, and the need for roads.* The effects of this are

* The wasteful effects of dispersion are well exhibited in the following extract, descriptive of the state of affairs on the Upper Red River, Louisiana:—

“Such a state of things never existed here before. As yet, the Red River has not been navigable, and not a bale of cotton has been shipped. Thousands and tens of thousands of bales are on the banks of the Upper Red River and its tributaries, awaiting a rise. Not only have the people failed to get the cotton off, but, as a necessary consequence, no supplies have reached us of any kind. We have no railroad communication, and the people, wealthy as many of them are, are in an alarming state of destitution. Flour is worth \$90 per barrel, and not to be had within ninety miles. Corn is commanding \$2 per bushel, and other things in proportion.”—*Cincinnati Commercial Journal*.

Precisely similar to this are the facts occurring in California, as will be seen by the following extract:—

“We are here subject to those laws which regulate supply and demand—at points where the consumer and producer are separated by seas which it requires months to navigate. * * * * * We import almost every thing we consume. * * * * * Ours is, then, that position in the commercial world where we are subject to great variation in the prices and quantity of staple goods—such, particularly, as the miner and agriculturist

seen in the constantly growing power of traders and transporters — now rapidly obtaining command of the legislation of both the States and the Union. With the decline in the proportion borne by the rural to the urban population of New York, that State is rapidly becoming a mere instrument in the hands of railroad companies; and such is the tendency in Pennsylvania, New Jersey, Illinois, and other States. Such, too, is the case at Washington — transporting companies of various kinds having now acquired in Congress an influence that is almost irresistible, as is shown in the late extraordinary grants of public lands.* The recent dispersion of the people over the vast country lying between the Mississippi and the Pacific Ocean, has produced an unhappy necessity for a great road, to be made at a cost of hundreds of millions of dollars, and to be owned by a company that will constitute the centre around which are likely to be grouped a mass of wealth, and an amount of skill in legislative management, sufficient to cause the whole community to become mere puppets in their hands. Centralization and dispersion are the necessary consequences of the growing supremacy of trade. The great road now projected must diminish the power to create local centres of attraction, and aid in hurrying on the nation in the direc-

consume. At one time, they are enormously and ruinously high to the consumer; at another, they have fallen to a point so low as to be equally as ruinous to the producer and the merchant. * * * * *

"Our experience proves conclusively that all countries which draw their supplies from foreign and distant sources, occupy a most uncertain, humiliating, and dependent position. They place themselves at the mercy of others, and can never become truly independent. Their supplies depend upon so many contingencies, that it is first a feast and then a famine—first, extreme low prices, and then extreme high. A country of extremes, and can't be any other, under such a system.

"The remedy is to manufacture our own staple goods, and make our own grain."—*Sacramento Union*.

* Those familiar with the legislation of recent times at Washington will readily recognise the accuracy of the following picture:—

"There is a Third House at the seat of government, who sell legislation by the wholesale or retail. Of these people you may buy laws by the piece or the square yard, by the gross or single dozen. If you are desirous to have a statute enacted for your particular benefit, they are ready to get it passed for you, on condition of being well paid. A good sum of money in hand, and an assurance of receiving a handsome proportion of what you make by the law, will hire you an active company of sappers and miners, before whom the easy virtue of such a Congress as we have at present can hardly be expected long to stand. The more you give at once, and the larger proportion of your future gains you promise, the surer you are of success—the more ample will be the means of cajoling and corrupting the members." — *New York Evening Post*.

tion in which it so long has travelled — that of centralization, which always leads to slavery and to moral and political death.

§ 6. Commerce looks homeward—seeking to promote domestic intercourse by the improvement of rivers, the construction of harbors, and the opening of mines. Trade — holding such intercourse in small esteem, and measuring the prosperity of a country by the extent of its intercourse with distant people — looks altogether outward. The one would give value to land at home. The other seeks new lands, and conquers California — sending expeditions to Japan, to the rivers of South America, and to the coast of Africa, while yet declining to remove the obstacles by which the navigation of the Mississippi is impeded. — Commerce seeks to make a rich people, with a cheap, and therefore strong, government. Trade makes a splendid and wasteful, and therefore weak, government. The periods of protection have been those of economy and rapidly growing strength. Those of free trade, and particularly the current one, have been those of greatest splendor, waste, and weakness.

Commerce tends to increase the power of self-government, by lessening the *necessity* for dependence on foreign markets, while increasing the *power* to go to them when advantage may be derived therefrom. At no period in the history of the Union was the necessity for such markets so rapidly diminishing as in 1834 and 1846; yet, at none had there existed so great a power to supply a foreign demand, as was proved at the time of the Irish famine. The necessities of man diminish as his powers increase. Trade seeks the diminution of the latter and the increase of the former, as is shown in the case of the poor Hindoo, who cannot obtain a shirt until his cotton has travelled to England, there to be spun and woven. Such is the tendency of the whole policy of the United States — looking, as it does, to keeping the producer and the consumer wide asunder, and thus increasing the difference of price between the raw materials yielded by the earth, and the finished commodities into which they are converted.

Commerce, by promoting the development of individuality, furnishes employment for every variety of human faculty. Trade — forbidding that development — limits the range of employment, and compels whole populations to employ themselves in scratch-

ing the earth, in the carriage of merchandise, or in the work of exchange; and the more perfect its control over the movement of society, the less is the quantity of things produced. The one looks to the distribution of a people into three great classes—the agricultural, the manufacturing, and the trading; the other allows but two; and, as an absolutely necessary consequence, where trade is paramount, the competition for the sale of labor tends to increase, while its rewards as steadily decrease. General comfort, happiness, and prosperity follow in the train of the one, while poverty and over-population are the invariable attendants upon the other. In the United States, manufactures are, as a general rule, stricken from the range of employments, and the effects are seen in the fact, that every pursuit is crowded with men who find it difficult to obtain the means of supporting life. Farmers so abound that they are compelled to supply the world with wheat at a steadily declining price. Cotton-planters are so numerous that they are giving a constantly increasing quantity of their product, for the same amount of money.* Traders are so abundant that the largest portion of them become bankrupt. Lawyers and doctors, and clergymen and teachers, are so numerous that but few of them can do more than merely live. Look where we may, competition for the sale of mental labor is great, while the competition for its purchase is rarely seen, except

* The exhaustive effects of this system are gradually attracting the attention of the enlightened men of the South, as is shown in the following passage from the message of a late Governor of Alabama:—

“The inquiry is ever addressing itself to the inquisitive mind, Why is it that Alabama, with her delightful climate, her healthfulness, her fertile soil of varied and almost universal adaptation, her abundant and unsurpassed water-power, her hills and vales for grazing and browsing, her untold acres of coal, iron, marble, and other minerals, does not furnish more striking evidences of prosperity and wealth? The question is easily answered. She does not avail herself of her vast resources—too large a portion of her population are unemployed—labor and the pursuits of capital are not sufficiently diversified. She grows cotton in abundance, at a profit below the statute rate of interest, while she yields to the manufacturer in Europe or New England, exclusive of the cost of transporting the raw material, a profit exceeding her own at least two hundred per cent. Small as is the income from this source, it is charged with the burden of supplying all the necessary wants of the family, and most usually leaves but little to compensate the planter for his care and anxiety. The natural tendency of such a state of things is to impoverish the soil, to disincline us to improve and beautify our homes, to divert our attachments—to keep us ever on the inquiry for a purchaser, and a country where our wealth may be augmented with increased rapidity. A people thus living cannot enjoy that share of contentment and prosperity which Providence wills, and which is attainable with effort.”

in those moments of fancied prosperity—like those of 1818, 1836, and 1856 — which invariably precede the almost entire stoppage of the motion of society, the disappearance of commerce, and the complete predominance of trade.*

Instability thus causes waste of labor, and produces thirst for office, such as is so clearly obvious in all the trade-ridden countries of the Eastern hemisphere. It grows in England and in Ireland. In India, and in Turkey, public employment is the only road to wealth or power. Great as is that thirst in France and Germany, it is less than it was a century since. At no period has it here existed in less degree than it did in the periods of protection which ended in 1835 and 1847. At none, has it been so universal or so intense as it is at the present moment, at the close of the first decade of the system of 1846 ; and thus are we here presented with one of the most conclusive evidences of declining civilization.†

* The following, from the *Richmond Enquirer*, depicts the state of things in Virginia, but it is almost equally true in regard to the Union at large:—

“It is a misfortune that so many of our young men embrace the professions of law and medicine. They are both overdone in this State: they are crowded to surfeit. There is in this State a physician to every six hundred of the population, black and white. Now, if the practice were equally divided, it would only give about six hundred dollars to each. But that is not the case. Some few meet with success, but the larger number make a bare living, and many abandon the profession in despair, after having expended, perhaps, their little patrimony in obtaining it.

“There is a lawyer to every thousand of our population, black and white. In the present state of the law business, I do not suppose it would average more than two or three hundred dollars to each, if equally divided. But, as is the case with the physicians, a few obtain the larger share of the practice. Taking, however, both professions as a body, there are few, indeed, who succeed in acquiring a fortune by their pursuit, and the number of fortunate ones will lessen in the ratio of the increase of numbers in the ranks of the profession. Better, far better, will it be for our young men to engage in some other less crowded and more profitable pursuits.”

Unfortunately, every pursuit that is open to the people is equally crowded. In the last ten years the population has increased at least seven millions, and yet the number of persons engaged in the great departments of manufacture — to wit, those of iron, cotton, silk, wool, flax, and hemp — is not, probably, any greater than it was then. This, again, prevents the growth of machine-shops, and forces the instructed youth of the country into trades, or into the professions, all of which are crowded to a degree never exceeded in any country.

† Thirty years since, men were required to suit the offices to which they were appointed. Now, little is required but that the offices should suit the men. Then, the cry of *væ victis* had not been heard in the political world. Now, it is an established maxim that “to the victors belong the spoils;” and as a consequence, proscription for difference of opinion has become extended through the whole range of employments, down even to the maker of fires in the smallest custom-house. The rapacity here exhibited by applicants for office can nowhere else be exceeded, and it increases from year to year as com-

§ 7. With increasing civilization, the value of land and of man becomes more stable — enabling each and every person possessed of property or of talent, to determine by study of the past what will be his future. From year to year, the power of self-government becomes more perfect, with constant increase in the facilities for development of the individualities of the various members of society. With growing barbarism, the reverse of this is seen — the value of property becoming from year to year more subject to exterior influences, with corresponding diminution in the power of man to determine for himself how he will appropriate his time or talents. At no period has the value of land and labor tended so much to acquire regularity as in that which closed in 1835, when the price of wheat throughout this country was wholly unaffected by the extraordinary changes in the price of English corn;* and in 1846–7, when the movement of the commerce of the Union continued perfectly regular throughout the English crisis which followed the Irish famine. Directly the reverse of this is seen in every period, in which trade is obtaining the mastery over commerce. In 1837, at the fiat of the Bank of England, payment of specie was suspended by all the banks of the Union. In 1838, the bank remitted money to this country, and in 1839 payment was resumed. Difficulty in England caused a further suspension in the following year; and in each and every of these cases there was a change in the value of labor and of property by means of which the poor were made poorer, while the rich were being still further enriched. At no period, however, has the subjection to exterior influence been so great as now—the value of all property, and the demand for labor, having become wholly dependent upon the chances and changes of European politics.

With the growth of commerce and the creation of local centres of action, towns and villages become more independent—each moving in its own sphere, and preserving its own individuality,

merce declines, and as trade becomes more and more master of the fortunes of the people. From this it follows, necessarily, that elections have become in a great measure mere contests for the spoils of office; and that the party in power has always the advantage of an army of office-holders at its command, ready to work, and to pay, for a continuance of employment. Nothing more demoralizing than this is to be found in any part of the civilized world. The existing system dates back to the period when free trade was first adopted as the policy of the dominant party in the country.

* See *ante*, p. 229.

while respecting that of others. With the decline of commerce, towns and villages become more dependent on the distant city, and more and more controlled by it in all their actions. Thirty years since, the towns and villages of the United States were in reality self-governing; now, they are almost wholly governed by means of orders from the seat of the central government—the election of every constable having become associated with that of the Executive of the Union.

With the growth of individuality among the people and the towns, that of the central government becomes more perfect. With the decline of the former, the latter becomes from year to year less able to determine for itself what shall be its course of action, or what will be the means at its command for carrying out the policy upon which it may have determined. At no period has the control of the Federal government over its own course of action been so complete as it was in 1832, when it voluntarily relinquished the duties on tea, coffee, and other commodities—leaving the revenue still so large as finally to extinguish the national debt in 1834–5. At none has the absence of self-control, consequent upon the extension of the dominion of trade, been so complete as when, in the period from 1838 to 1842, the Federal government was compelled to depend upon the use of irredeemable paper-money for the means with which to carry on its operations. At none has the change from trade to commerce produced such marked effects as when, in the autumn of 1842, it found its credit so instantly restored. At none has the want of individuality been more clearly manifested than it is at the present moment, when, as in 1836, there is a large surplus revenue from which it cannot free itself, except by means of a total change of policy on one hand, or the certainty of bankruptcy of the treasury, as in 1842, on the other.

§ 8. Commerce grows with the development of individuality, as well in that of towns and cities as in that of the men of whom society is composed. The more pig iron there is made in Tennessee, the more steam-engines are required from New York and Philadelphia. The more coarse cottons are made in Georgia, the larger is the demand for fine ones made in Rhode Island and Massachusetts. Under the system of 1842, local development

was rapidly advancing, and mills and furnaces were being built in all the Southern and Western States. Under that of 1846, local action has gradually declined, and the iron manufacture has again been centralized in Pennsylvania, while the cotton and woollen ones have again become almost altogether limited to the country within fifty miles of Boston. Commerce was rapidly producing, in 1846, an entire harmony of interests and of feeling between the North and the South; but with the repeal of the act of 1842, Southern manufacturing development was brought to a close, and the result is seen in the deplorable scenes that are being enacted in 1856.*

Commerce tends, likewise, to produce harmony among individual men. Five-and-twenty years since, the stranger, whether Protestant or Catholic, was always welcomed. Until then, however, the number of immigrants had never exceeded 30,000, and it was not until the country had felt the beneficial effects of the tariff of 1828, in increasing the demand for labor, that it reached a single

* Among the active and influential men of the South is Mr. Barnwell Rhett, and among the most remarkable prophecies of Southern men is one that is referred to in the recent interesting "Life and Correspondence of Amos Lawrence," in the following words:—

"I do earnestly desire your State to carry out your prophecy, that in ten years you will spin all your crop of cotton; for we of Massachusetts will gladly surrender to you the manufacture of coarse fabrics, and turn our industry to making finer articles. In short, we could now, if you were ready, give up to you the coarse fabrics, and turn one-half of our machinery into spinning and weaving cotton hose; and nothing will help us all so much as specific duties. The whole kingdom of Saxony is employed at this moment in making cotton hose for the United States from yarns purchased in England, and made of your cotton. How much better would it be for you and for us to save these treble profits and transport, by making up the cotton at home! Think of these matters, and look at them without the prejudice that prevails so extensively in your State. A few years ago, I asked our kinsman, General ——— of your State, how the forty-bale theory was esteemed at that time? His answer was: 'We all thought it true when it was started, and it had its effect, but nobody is of that mind now.' Still, I believe that when an error gets strong hold of the popular mind, it is much more difficult to eradicate it than to supply truth in its place. If I know myself, I could not mete out to you any different excuse from what I would ask of you; and I must say to you, that your State and people have placed themselves in a false position, which will be as apparent to them in a few years as the sun at noonday."

This letter is now just seven years old, being dated December 12, 1849; and it refers, as we see, to a prophecy of Mr. Rhett, that his State was, before 1859, to convert all its cotton into yarns or cloth—having done which it could have direct trade with the Saxons, who needed yarn, and the Brazilians, who required cloth. That prophecy was a consequence of the four years' action of the tariff of 1842. The failure to realize it is a consequence of the tariff of 1846.

hundred thousand. Scarcely, however, had the effect been felt in Europe, before the system was changed—before mills ceased to be built, and mines ceased to be opened. A brief period of speculation being followed by a rapid decline of commerce, the demand for labor died away; and then it was that, for the first time, there was exhibited that feeling of jealousy which was indicated by the creation of a political party having for its object, the exclusion of foreigners from the rights of citizenship. The policy was changed again, and as the demand for labor grew, the party died away, to spring again into existence under the system of 1846, and on a larger scale than at any time before. Look where we may, we see discord following in the trader's wake.

§ 9. With the growth of commerce, the necessity for moving commodities back and forth steadily declines, with constant improvement in the machinery of transportation, and diminution in the risk of losses of the kind that are covered by insurance against dangers of the sea, or those of fire. The treasures of the earth then become developed, and stone and iron take the place of wood in all constructions, while the exchanges between the miner of coal and of iron—of the man who quarries the granite, and him who raises the food—rapidly increase in quantity, and diminish the necessity for resorting to the distant market. The men of Turkey are forced to look to England for supplies of iron, and for markets for their corn; and the effects of this are seen in the extraordinary amount of property that is there so frequently destroyed by fire. In Russia, according to M. Haxthausen, “every village is consumed either wholly or in part in every thirty years.” So is it in these United States. In no civilized country do fires so much abound, and in none is so large an amount required to pay for the loss that is thus produced. That the *proportion* increases is evident from the fact, that the rates of insurance now steadily rise; whereas, were civilization advancing, they would as regularly decline. The loss thus resulting from the absence of power to develop the mineral treasures of the earth, and from the consequent waste of property and of labor, * *is more than the total*

* Every mill that is burnt throws hundreds of persons out of employment, and stops the circulation of its neighborhood. At the present time, the destruction of mills is, probably, little less than one per week, while few, if any, are built.

value of the merchandise received in the Union from every quarter of the world; and yet, it is with a view to foster trade that the country pursues a policy which forbids the opening of mines, and the development of the coal and metallic ores that so much abound; and by means of which structures of every kind could be built of materials that would set at defiance the risk of fire.

It is not, however, there alone that the wasteful effects of the system may be found. The necessity for roads grows with the dispersion of the population, while the means of making them diminish with the decline in the power of association. Roads, however, *must* be made; and therefore it is, that the country is covered with half-finished works of every kind—requiring unceasing repairs, and costing eventually thrice as much as would have been at first required. So, too, is it with the steam-vessels of the Western rivers, constructed always of the most perishable and inflammable materials, because of the difficulty attendant upon obtaining iron; and yet coal and iron ore abound, and to an extent unknown in any other country of the world. Property and life are wasted, and reckless habits are everywhere generated; such habits as prevail in all countries whose people are subjected to the dominion of the trader.*

* The recklessness manifested in nearly every part of the Union is such as to astonish the men of Europe. Railroad accidents have become so numerous as scarcely to attract even the momentary attention of the reader, and the loss of life becomes greater from year to year. Steam-vessels are exposed to the storms of the lakes that are scarcely fit to navigate the rivers. Ships that are unfit for carrying insurable merchandise are employed in the carriage of unfortunate passengers—they being the only commodity for whose safe delivery the ship-owner cannot be made responsible. “Stores and dwellings”—and here we use the words of a New York journal—“are constructed of such wretched materials as scarcely to be able to sustain their own weight, and with apologies for walls which tumble to the ground after being exposed to a rain of a few hours’ duration, or to a wind which possesses sufficient force to set the dust on the highways in motion. Entire blocks of edifices are put up, with the joists of all so connected with each other as to form a complete train for the speedy communication of fire from one to another. Joists are built into flues, so that the ends are exposed to becoming first heated, and then ignited by a flying spark. Rows of dwellings and warehouses are frequently covered with a single roof, which has not in its whole extent of combustible material a parapet wall, or other contrivance, to prevent the spread of the flames in the event of a conflagration.”

The feeling of responsibility grows with the growth of real civilization. It declines with the growth of that mock civilization, but real barbarism, which has its origin in the increasing power of trade.

§ 10. The savage is always a gambler, ready to risk his life and fortune on the chances of the die. The civilized man seeks to acquire power over nature, and thus to obtain the nearest approach to *certainly* in his operations. Commerce tends to produce steadiness in the movement of the societary machine, as may be seen by a comparison of France, England, and Germany, in the present day, with those countries in the days of the Valois, the Plantagenets, or the Hohenstauffen. Steadiness diminishes as commerce declines and trade takes its place. With every movement in that direction, men become more reckless, and the gambling spirit reappears—speculation then taking the place of regular and honest labor.

Never, in the history of the United States, did the speculative and gambling spirit so little exist, as in those periods of quiet prosperity which followed the passage of the acts of 1828 and 1842. Never before had that spirit so fully manifested itself as in the period which followed the repeal of the first of those acts—the period in which was laid the foundation of that distress which caused the return to protection, by the enactment of the last. Great, however, as was the speculative tendency of 1836, it is now exceeded—the whole country having become one great gaming-house, in which men of every kind and degree are engaged in stocking the cards, with a view to the plunder of their neighbors. The crime that so abounded in the former period is now thrice exceeded—robbery, riot, swindling, speculation, arson, and murder having become so common as scarcely to attract the attention of the readers of the journal in which they are recorded.*

* “There are several statistical works of high repute in Europe on ‘The Dangerous Classes’—meaning those who subsist by means which militate against the public weal, and whose life is therefore a more or less open and determined warfare on the very existence of society; but we do not remember that one of these enumerates the sellers of stocks on time—‘Bears,’ in the slang of the stock market—among these dangerous classes. Yet, surely no pursuit can be more prejudicial or perilous than that which flourishes by reason of public calamities—to which drought, fire, hail, hurricane, inundation, and every form of public disaster, is a godsend—whose master-spirits are enriched by whatever brings suffering and misery to the hearthstones of the great mass of the community. War, blight, frost, famine—whatever insures general distress and threatens national or world-wide bankruptcy—brings triumph and wealth to the stockjobbing ‘Bear.’ * * * *

“Yet, if gambling in the prospective price of public securities is injurious and reprehensible, gambling in the necessities of life is far more so. *
* * We are well assured that there are at this moment contracts afloat in this city alone to the amount of several millions of dollars, based on

Decline of morals is a necessary consequence of increase in the distance between the producer and the consumer; and it is so, because with every such increase the prices of raw products of the earth, and those of finished commodities, become more distant from each other, and the man who labors becomes more and more the prey of him who lives by trade. The more remote those prices, the larger, too, is the proportion of society engaged in the transportation of merchandise—the pursuit that, of all others, does least to promote development of the mind or improvement of the heart. The sailor and the wagoner are habitually withdrawn from the salutary influence of wives and daughters, while constantly exposed to the baneful one of the grogshop and the brothel. Ignorance and immorality grow with the growth of the power of the trader; and the greater their growth, the greater are the inducements to the practice of frauds. The farmer who is neighbor to the gunsmith, or the weaver, receives a gun that will not explode, and a cloth that is composed of cotton, or of wool; whereas, the poor African is compelled to accept guns that can stand no ordinary test, and cloths that fall to pieces on the first attempt to wash them.* Trade is demoralizing—its essence consisting in buying cheaply, at whatever cost to the producer, and selling dearly, at whatever cost to the consumer. To buy cheaply, the trader conceals the advices he has received in reference to a rise of price; and to sell dearly, he does the same in reference to a fall; and from the point of profiting by the igno-

stipulations on the one side to deliver, on the other to receive, large quantities of pork, beef, flour, wheat, &c., on a given day at stipulated prices. In other words, A bets B a large but indeterminate sum that flour will be lower or higher, as the case may be, next month, or next fall, or next New Year's, than it now is. Merchants, whose legitimate business requires all their time, intellect, and means, have risked their all, and more than their all, in this desperate game. Of course, many must be ruined, some driven to insanity or suicide, and thousands seriously crippled, by a venture which involves all the vice or mischief of faro, or of brag, with more than all their baleful influences on the public well-being."—*New York Tribune*.

* "A regular branch of trade here, at Birmingham, is the manufacture of guns for the African market. They are made for about a dollar and a half: the barrel is filled with water, and if the water does not come through, it is thought proof sufficient. Of course, they burst when fired, and mangle the wretched negro, who has purchased them upon the credit of English faith, and received them, most probably, as the price of human flesh! No secret is made of this abominable trade, yet the government never interferes, and the persons concerned in it are not marked and shunned as infamous."—*SOUTHEY: Esquiella's Letters*.

rance of his neighbors, to that of manufacturing advices by means of which to mislead them, the transition is very easy.

Centralization increases the power of the trader ; and the more society tends to fall under the control of gamblers in stocks, in cotton, and in flour — the class of men whose rule of life is to so great an extent found in the brief sentence, “Get money honestly, if you can, but get money” — the greater is the tendency towards demoralization. That such is the tendency throughout the United States, and that at the present time it is so to an extent never before known, no one can for a moment doubt. Wall street governs New York, and that city directs the legislation of the Union ; and, as a necessary consequence, the demoralization becomes more complete from day to day — crime and corruption becoming hourly more common, and anarchy becoming from year to year more near at hand.*

§ 11. Commerce tends to make of each and every man a self-governing and responsible being. Trade tends to divide society into a responsible and irresponsible class — the master of slaves on one side, and the slaves themselves on the other. In the advancing countries of Europe — those in which men are improving the condition of their land, and developing its mineral resources, thus acquiring that power to direct the forces of nature which constitutes wealth — freedom and commerce grow together. In the United States, as in all other countries subject to the dominion of trade, centralization increases ; and that every step in that direction tends inevitably towards slavery, and towards political, moral, and intellectual death, the reader may feel assured.

At the North, men eminent in the trading world employ their capital in the purchase of *coolies*, and their ships in the transportation of the unhappy people who thus are bought and sold ;†

* The reader who may doubt the demoralizing influence of trade, has but to study the code of morals by which the trader finds himself compelled to be governed. Nineteen-twentieths of the large fortunes acquired by trade have resulted from practising on the ignorance of others. Rothschild's great fortune was due to the reception of early advices—enabling him to purchase stocks at far less than their real value. The dealer in quack medicines practises on a small scale what the great stock speculator does on a large one.

† The larger number of the coolies go to Havana, whence they are sent to the interior, and treated precisely as slaves. The American consul at Havana writes to the Department, April 14, 1855, in relation to the arrival

and at the South it is asserted that "policy and humanity alike forbid the extension of free society, to new people and coming generations." Being, as we are assured, "immoral and irreligious, it must fall, and give way to slave society — a social system as old as the world, and as universal as man." *

Such is the tendency of thought and action in all the countries that become more subject to the trading power. Such it must ever be; and for the reason, that in the increase of that power, and consequent increase in the difference between the prices of raw materials and manufactured commodities, will always be found the most conclusive evidence of declining civilization. That such was the tendency of the British system, was obvious as early as the days of Adam Smith, but with each successive year it becomes more clearly so. The teachings of the journals of London and of Carolina have become identical — both desiring to prove the advantage that must result from having all the movements of society tend to continue "labor sufficiently under the control of capital." †

of an English ship with four hundred Chinese emigrants: "This is the first lot of a number expected under a contract for 7000 or 8000." Other contracts are made; and as the price has risen from \$120 to \$170, and the emigrants are taken as fast as they arrive, it is more than likely that a very large number will be imported. "Among those already here," says the correspondent of an American journal, "are a number of pirates that were taken prisoners and sold to the contractors." — The consul further writes, that "these laborers are on some plantations treated no better, and some even worse, than negro slaves." One capitalist sent an agent to bring out 10,000 coolies, and the contracts for 1855-56 were estimated at 50,000. The rate of mortality on shipboard appeared to be about one-tenth; so that 5000 of the above number would lose their lives on the passage. A New York ship, the *Skylark*, lost 59 out of 500 Chinese. From the port of Swatow, in 1855, twelve ships, five of them American, took off 6388 coolies. Swatow is an illegal port, even for legal trade.

* *Richmond Enquirer*.

A South Carolina journal assures its readers that—"Slavery is the natural and normal condition of the laboring man, whether white or black. The great evil of Northern free society," as it continues, "is, that it is burdened with a servile class of mechanics and laborers, unfit for self-government, and yet clothed with the attributes and powers of citizens. Master and slave is a relation in society as necessary as that of parent and child; and the Northern States will yet have to introduce it. Their theory of free government is a delusion."

† See *ante*, vol. i. p. 239. The following passage from a recent and influential English journal shows that the change in the modes of thought in regard to the relations of labor and capital has been attended with an equally great one in regard to those of government and people; and that the results of centralization are thus everywhere the same:—

"A despotic government, enforced by a standing army, however repugnant to our notions, has at least the merit of being intelligent and practical. It is the policy of the will of one enforced by a passive instrument which

§ 12. Peace and harmony are the attendants of growing commerce. Increase of the trading power brings with it discord, war, and waste; and that such is the tendency of the policy of the American Union, is shown in the fact, that its Northern and Southern portions become from year to year more alienated from each other. Half a century since, the men of Virginia and those of Massachusetts united for the exclusion of slavery from the territories of the Union; now, the plains of Kansas are wet with the blood of men engaged in civil war, for the determination of the question whether the vast regions of the West shall, or shall not, be polluted by the maintenance of human bondage. That war is a necessary consequence of the constant exhaustion of the soil, and consequent dispersion of men. So long as artificial restraints* compelled the observance of certain lines of march, peace continued to be maintained, because the migrating hosts of the North and the South were always moving in parallel lines, and therefore did not touch each other. Those restraints are now, and probably for ever, removed; and the result is seen in a contest for the possession of land that has of itself no value whatsoever, and that would, for half a century to come, have remained unoccupied, had not the policy of the country tended towards the impoverishment of the soil of the older States, and of the men by whom it was owned and cultivated.

§ 13. That the process of demoralization and decomposition is in rapid progress, none can doubt. Political corruption is becoming almost universal, and judicial corruption has become so great that decisions of the bench are ceasing to command respect. Civil war on the plains of Kansas is accompanied by a total suspension of the powers of the State government in California, and of the Federal one in the territory west of Kansas; while throughout the whole Indian country, wars are gotten up for the sole and exclusive purpose of finding profitable employment for wandering whites, at the expense of the poor savage on the one

dares as much as it is told, and no more. Many nations have lived happily under it, and more will, for comparatively few are fit for self-government, indeed, when administered in an intelligent and benevolent spirit, an absolute rule is free from many inconveniences that are inherent in constitutional government." — *Morning Post*.

* The great Ordinance of 1787, and the Missouri Compromise.

hand, and of the Federal treasury on the other. Anarchy approaches, and from year to year her steps are hastened. Things which ten years since would have been deemed impossible, have now become mere incidents in the chapter which records the current history; and, without a change of policy the year 1866 will show a decline as great, when compared with 1856, as does the latter when placed by the side of 1846. Like the pear, the society that once boasted of its Washington, its Franklin, and its Jefferson, has decayed before it has ripened.

Local action tends in a contrary direction, but central action, more powerful, neutralizes all the advantages that should thence result. The one builds school-houses and pays teachers; but the other prohibits that diversification of the pursuits of men, which is required for the development of the various faculties of which the society is composed.*—The one builds churches, but the other expels the population and diminishes the fund required for payment of the teachers.—The one would develop the powers of the earth, and thus augment the wealth of man. The other closes mines and furnaces, and reduces men to dependence on the unas-

* The records of the Patent Office bear witness to the effects of general education in the development of mechanical ingenuity in the American people. Nowhere in the world does it so much exist; and yet, in some of the most important departments of manufacture, they are now nearly stationary, while in others they make but little progress. But a few years since, Germany sent to Massachusetts for machinery for the manufacture of woollen cloth; and yet there is now scarcely a yard of broadcloth made within the limits of the Union. Many of the most important improvements in the cotton-manufacture are American in their origin; and yet the quantity of cotton-wool now consumed little, if at all, exceeds that which was required eight years since. So, too, is it with silk, flax, and iron. In the last ten years the population has grown to the extent of eight millions; and yet the number of persons engaged in all these principal departments of manufacture is not now greater than it was then. The whole increase is, therefore, forced into agriculture or trade. The same process, however, keeps down agriculture — preventing its development into a science, and keeping it at a level below the mind that has been developed in the schools. The whole mental capacity of the country is, therefore, forced into the operations of buying and selling words, or things; and hence it is that the supply of shopkeepers, clerks, lawyers, doctors, and speculators of every kind, is so greatly in excess of the demand. The number of producers grows slowly, but there is a most rapid increase in the number of middlemen, who are to be supported out of the labor of those who do produce. The effect of this is seen in the great increase of crime, and in the reckless spirit which prompts to constant interference with the rights of other people — both abroad and at home. The power to benefit the world increases with the development of intellect, but the power to injure it grows with the same rapidity. It is in this latter direction that American mind now tends, and for the reason that it is forbidden to move in the opposite one.

sisted force of the human hand.—The one seeks to bring the natural forces to the aid of man, and thus, by help of mind, to equalize those who differ in physical power. The other looks to the perpetuation of inequality by compelling dependence on muscular force.—The one tends to give the labor of the present an increased control over the accumulations of the past; the other, to make the laborer an instrument in the hands of the capitalist.—The one would maintain the rights of the people and of the States. The other regards the Executive veto as being the palladium of freedom, and denies the right of the States to determine whether they will sanction the existence of slavery upon their soil.—The good and evil principles, decentralization and centralization, are thus engaged in a perpetual conflict with each other, and hence the extraordinary “contrasts” presented to view on an examination of the movement of American society. At brief and distant intervals the former obtains control, but, as a rule, the latter increases in strength and power; and with every stage of its progress, the corruption becomes more complete—extending itself to every relation of life, and threatening, if not speedily arrested, to furnish conclusive evidence of the incapacity of man for the exercise of the rights, and the performance of the duties, of self-government.

“The ruin or prosperity of a state depends,” says Junius, “so much upon the administration of its government, that to be acquainted with the merit of a ministry we need only observe the condition of the people. If,” as he continues, “we see them obedient to the laws, prosperous in their industry, united at home and respected abroad, we may reasonably presume that their affairs are conducted by men of experience, abilities, and virtue. If, on the contrary, we see a universal spirit of distrust and dissatisfaction, a rapid decay of trade, dissensions in all parts of the empire, and a total loss of respect in the eyes of foreign powers, we may pronounce, without hesitation, that the government of that country is weak, distracted, and corrupt.”

The first of the pictures here presented exhibits the state of the American Union at the close of the war in 1815; again in 1834, at the date of the repeal of the protective tariff of 1828; and again in 1846, when the act of 1842 ceased to be the law of the land. The second is found on an examination of the condi-

tion of the country in the period from 1818 to 1824, when protection had ceased, and when the legislatures of numerous States had found themselves compelled to stay the action of the laws for the collection of debts; again in 1841–2, when “stay laws” were again resorted to, and when the Federal government was nearly bankrupt; and, lastly, at the present period, when there reigns “a universal spirit of distrust and dissatisfaction;” when there are “dissensions in every part of the empire;” and when the “respect of other powers” has so nearly ceased to exist.

§ 14. The more perfect the form of the ship, the more rapid will be her passage through the water, and the more certainly and speedily will she, under proper guidance, reach her destined port. The more rapid and complete, however, will be her destruction should her pilot run her upon the rocks that lie in her course — the reaction then produced being in the direct ratio of her previous action. So is it with nations. The higher their organization the more rapid is the movement of society, and the more instant is the shock that attends a stoppage in the circulation. The passage of an invading army through Peru, or Mexico, produces little effect beyond a small destruction of life and property; but a similar event in England would cause the closing of factories, the stoppage of mills and furnaces, the abandonment of mines, the dispersion of the people, and the suspension of all the machinery of local government. The power of recuperation exists, however, in the same degree — the recovery from the effects of war in countries like France or England being much more rapid than it can be where the circulation of society is languid, and where the waste of property or of population can slowly, if even at all, be repaired.

In no country of the world do the effects of change become so promptly obvious as in the United States; and for the reason, that — the political organization being there more natural than in any other — the tendency to rapidity of circulation is so very great. Universal instruction throughout the northern portion of the Union tends to the production of great mental activity; and, whatever may be the direction in which the Ship of State is guided, the movement towards the rocks on the one hand, or the haven on the other, is there most rapid. Such being the case, it is easy to

account for the sudden and extraordinary changes that are there exhibited, and that so much surprise the people of other lands. In the decade that followed the passage of the tariff of 1824, there was effected a greater change than had ever before been witnessed in any country—the people having passed from a state of poverty to one of wealth—the country having become so attractive as to cause in the following years a vast increase of immigration—and the government having passed from a condition in which it required, for its support, to borrow money, to one in which—the public debt having been extinguished—it became necessary to emancipate from duty, all the commodities that did not enter into competition with those produced at home. Nevertheless, but seven years later, the people and the government, both, were bankrupt; the circulation of society had almost stopped; and pauperism, to an extent that was alarming, prevailed throughout the country. The cause of this was to be found in the fact that protection had been abandoned. Again, in 1842, the system was changed; and, before the close of the first five years, the whole appearance of the country was changed—the circulation of society having become rapid, the credit of the people and the government having been restored, and the country having once more been rendered so attractive as to cause a large increase of immigration. Again, at the close of 1846, was the system changed—protection being then abandoned, and free trade being then again inaugurated into power; and now, at the close of the first decade, we witness a decline more rapid, and more pervading, than is recorded in the history of any country of the world.

§ 15. He would have been regarded as a false prophet who, ten years since, should have predicted—

That, at the close of a single decade, the regular expenditure of the Federal government, in a time of peace, would reach sixty millions of dollars, or five times as much as it had been thirty years before :

That the recipients of this large amount, whether contractors, clerks, or postmasters, would be held liable for the payment of a formal and regular assessment, to be applied to the maintenance

in office of the men by whom they had been appointed, or those by whom the contracts had been made :

That payment of these assessments would be made the condition upon which their own continuance in office should depend :*

That, coincident with these demands upon the *employés* of the government, all salaries would be largely raised ; and that thus the treasury would be heavily taxed for purely party purposes, and for the promotion of private interests :

That centralization would be so far perfected as to enable those in office to dictate to a body of officials, sixty or eighty thousand in number, all their modes of thought in reference to questions of public interest :

That a constantly growing difficulty of obtaining, independent of the government, the means of support, and constant increase in the rewards of public service, would be attended with corresponding increase in the number of claimants for offices, and in their subservience to the men at whose pleasure those offices were held :†

That the Executive authority would dictate to the members of the legislature what should be their course, and publicly advertise the offices that were to be given to those whose votes should be in accordance with its desires :‡

That the growing mental slavery thus indicated would be attended by corresponding growth in the belief, that “one of the chief bulwarks of our institutions” was to be found in the physical enslavement of the laborer :§

* The present year (1856) is the first in which these contributions have been perfectly systematized—the recipients of salaries having been required to pay a certain *per centage* thereof for the use of the party in power.

† On a recent occasion, it was found that the claimants for a vacant *patronage* were no less than ten thousand in number.

‡ Pending the discussion of the Kansas-Nebraska bill—repealing the Missouri Compromise Act—it was publicly announced in the recognized organ of the Administration, that certain valuable offices were to be distributed among those members of Congress who should prove their claim, by giving their support to that measure.

§ The passages heretofore given in defence of slavery, have been from journals published in the Southern, or slave, States ; but the following extracts prove that the demoralization of the public mind, on that subject, has extended itself to portions of the population of Northern ones :

“Standing upon the ample planks of the Cincinnati platform, *we are not only the apologists, but the advocates and defenders, of that peculiar institution. We claim for American slavery that it is and has been one of the chief bul-*

That the extension of the area of human slavery would have become the primary object of the government, and that with that view the great Ordinance of 1787, as carried out in the Missouri Compromise, would be repealed :

That, for the promotion of this object, the treaties with the poor remnants of the native tribes would all be violated :*

That, with the same end in view, wars would be made, piracy encouraged, and territories purchased :

That the Executive power would so far have grown, as to enable those charged with the administration of the government to adopt measures provocative of war, with a view to the spoliation of the weaker neighbors of the Union :†

That it would be officially declared that might makes right, and that if a neighboring power refused to sell the territory whose possession was desired, the Union would then be justified in seizing it :‡

That the reopening of the slave trade would be publicly advocated,§ and that the first step towards its accomplishment would

marks of our liberty, while we claim that it has ameliorated the condition of the slave."—*Syracuse (N. Y.) Standard*.

The ideas here advocated in reference to negro slavery, are thus carried out in reference to the poor white people of Northern States, in a journal published in the city of New York itself:—

"Sell the parents of these children into *slavery*. Let our legislature pass a law, that whoever will take these parents, and take care of them and their *offspring*, in sickness and in health—*clothe* them, *feed* them, and *house* them—*shall be legally entitled to their services*; and let the same legislature decree, that whoever receives these parents and their *children*, and obtains their services, shall take care of them *as long as they shall live*."—*New York Day-Book*.

* In 1818, the Cherokees, the Creeks, and other Indian tribes, relinquished their lands east of the Mississippi, and received in exchange others west of the Missouri, accompanied by a pledge that, "so long as the waters should flow, or the grass should grow," they should never again be disturbed or removed. The lands thus granted for ever are those for the possession of which the people of the North and the South are now contending.

† The war with Mexico was first provoked by the Executive, and then declared by Congress. The attack on Greytown—one of the most indefensible measures of the age—would have led to war, but for the weakness of the community upon which the attack was made.

‡ The Manifesto issued at Ostend, by the representatives of the Union at the courts of London, Paris, and Madrid, took this ground.

§ "We mentioned the subject of slavery on Thursday in connection with the Democratic party. We mention it to-day in connection with the State of South Carolina. We showed then that the act restricting the slave trade is a brand upon the institutions of the South; that it strikes our form of society from the recognition of an enlightened world; that it paralyzes the energies of those who would support it; that its removal would restore us to a sphere

be taken by a citizen of the United States—in rescinding all the prohibitions of the Central American governments; *

That the substitution, throughout all the minor employments of society, of slave labor for that of the freeman, would be publicly recommended by the Executive of a leading State of the Union: †

That, while thus acquiring territory in the South, the rights and interests of the people would be bartered away, for the sole and exclusive purpose of preventing annexation in the North: ‡

That it would be declared, that the free navigation of South American rivers was to be obtained, “amicably, if it could, forcibly, if it must:” §

of prosperity and progress; that to the South is attributable the triumph of nationalism in the recent contest; that we can give success again; and that the removal of restrictions, therefore, is as much a measure of interest as of duty to the Democratic party: and we would now show that the State of South Carolina has a direct and vital interest in the question.” — *Charleston Standard*.

* The people of Central America had abolished slavery, but the intrusive government of Mr. Walker has re-established it, and thrown the ports open for the admission of slaves of any color—black, brown, or white.

† “It is much better that our drays should be driven by slaves—that our factories should be worked by slaves—that our hotels should be served by slaves—that our locomotives should be manned by slaves, than that we should be exposed to the introduction, from any quarter, of a population alien to us by birth, training, and education, and which, in the process of time, must lead to that conflict between capital and labor ‘which makes it so difficult to maintain free institutions in all wealthy and highly civilized nations where such institutions as ours do not exist.’” — *Message of Governor Adams to the Legislature of South Carolina*.

‡ The sacrifice of the interests of the people of Portugal by the celebrated Methuen treaty, or that of the people of France by the treaty negotiated by Mr. Eden in 1785, (see *ante*, page 49,) was not more complete than was that made of those of the people of the United States by the recent treaty with Canada—miscalled the Reciprocity Treaty. It was a grant of privileges of incalculable value, without return; and, but that it provided against the extension of territory in that direction, would never have received the sanction of Congress.

§ Such was the resolution of the Memphis Convention, in regard to the Amazon, that led to the expedition of Messrs. Herndon and Gibbon. The people who thus advocated recourse to war, if required for the opening of one of the rivers of Brazil, refuse to permit the improvement of the Ohio and Mississippi, and thus cause a loss to the people of the West that is annually greater than would be the profit of the opening of the Amazon in a century. Trade looks always outward, whereas commerce looks inward. In proof of this, we have the refusal to pay the Sound dues, and the agitation for the freedom of the Elbe, at the same moment when the whole West is suffering from the long-continued want of water in the Ohio—a difficulty annually occurring, and that could yet be permanently remedied by means of an expenditure less than the average loss from droughts and freshets in a single month.—See ELLET: *Report on the Mississippi and Ohio Rivers*.

That the effect of these measures would be the entire alienation of the other communities of the Western world : *

That the legislation of the country would have fallen almost entirely under the control of navigation, railroad, and other transportation companies ; and that legislators would largely participate with their managers in the profits of enormous grants of money and of public lands : †

That centralization would so far have grown as to have caused the expenditures of a single city to become nearly equal to those of the Federal government, thirty years since :

That the expenditure of city revenues, and the maintenance of public order, would be in the hands of magistrates, many of whom would be regarded as worthy only of the penitentiary : ‡

That the contest for the distribution of those revenues would become so fierce as to cause the purchase of votes to an extent, and at a price, before unknown ; and that elections would be carried on by means of bowie-knives, pistols, and even by aid of cannon : §

That Lynch law would have found its way into the Senate chamber : that it would have superseded the provisions of the

* Thirty years since, the people of Mexico and of South America desired to combine *with* the United States for the maintenance of the rights of all against the powers of Europe. Now, they seek to combine among themselves, and with Europe, *against* those States.

† "Hon. Josiah Quincy, in a recent lecture at Boston, said that while in New York he saw \$25 given for a single vote for a member of Congress ; and, upon his expressing surprise that a man could afford to pay such a sum for one vote, he was assured that the candidate, if re-elected, would make a money-making operation of it ; he had received \$30,000 at the last session for getting a bill through, and at that rate could afford to pay a good price.

* * * There are also dozens and scores of men who have become *enormously rich* by a service of five or six years in Congress—who have come there not worth a thousand dollars in the world, and have gone away worth a quarter of a million."—*New York Daily Times*.

It is well asked by the editor, "What is to be the end of all this ?"

‡ "Anarchy may be an accident at San Francisco or Washington ; it is the standard rule here. We hardly ever punish any crime. The most flagitious malefactor laughs at justice here. Two hundred indictments against gambling-houses, and two thousand indictments against offenders of various grades and classes, lie on the docket, unprosecuted, unnoticed, unknown—merely so much waste paper. The third trial of Baker, for a most notorious and obvious homicide, is now proceeding, and will probably terminate in an acquittal, or in a disagreement of the jury. We, at all events, have no business to taunt our neighbors with their reckless administration of justice."—*New York Herald*.

§ At the late election in Baltimore, cannon were used. Knives and pistols were freely used at the recent one in New York.

Constitution throughout the Southern States : that it would have superseded the civil authority in one of the States of the Union : that the right of the States to prohibit slavery within their limits would be so seriously questioned as to warrant the belief that the day was at hand when it would be denied : that the doctrine of constructive treason would be adopted in Federal courts : and that the rights of the citizen would be thus in equal peril from the extension of legal authority on one hand, and the substitution of the law of force on the other :

That polygamy and slavery would go hand in hand with each other, and that the doctrine of a plurality of wives would be publicly proclaimed by men holding highly important offices under the Federal government :

That religious discord would so far have grown, that the question of the private opinions of a candidate for the presidency, in regard to matters of religious faith, would be discussed throughout the Union : and, finally,

That the discord between the Northern and Southern portions of the Union would have reached the point of civil war, attended with a growing disposition in its various portions, to look complacently upon the idea of a dissolution of the connection.

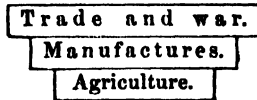
This is a gloomy picture, and yet it is a true one. Not one of these things would, ten years since, have been believed possible to occur ; and yet they are, one and all, now matters of history.*

* That the view thus presented is a correct one, and that the changes have occurred in the period above referred to, is shown in the following extract from a letter by a distinguished member of Congress from South Carolina :—

"Since then," [the date of a convention held in Columbia, South Carolina, in 1848,] "the Northern Democrats aided us to bring into the Union Texas, a magnificent slaveholding territory—large enough to make four slave States, and strengthened us more in that peculiar interest than was ever before done by any single act of the Federal government. Since then, they have amended a very imperfect fugitive slave law, passed in 1793, and have given us now a law for the recovery of fugitive slaves, as stringent as the ingenuity of man could devise. Since then, they have aided us by their votes in establishing the doctrine of non-intervention with slavery by Congress in the Territories. Since then, they have reduced the odious tariff of 1842, and fixed the principle of imposts on the revenue, not the protective, basis. Since then, they have actually repealed the Missouri restriction, opened the Territories to settlement, and enabled us, if the South will be true to herself, and aid in peopling Kansas, to form another slave State.

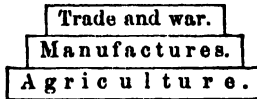
"In 1848, a man," as the writer continues, "would have been deemed

§ 16. The form of society in barbaric ages may, as the reader has already seen, be thus represented :—



Instability is, of course, its essential characteristic.

With the increase of numbers, and the growth of the power of association, it assumes the form of highest stability, as here is shown :—



In the one, the man who cultivates the earth is a slave. In the other, he is found to be the master of himself and his actions, with mind developed, and capable of that highest of all human employments — that one which tends most to improve the heart, and to fit him for commerce with the angels—scientific agriculture.

Throughout the British Empire, and that of the United States, the tendency is *from* this latter and highest form, and *towards* the former and lowest one; and it is so, because, in both, the policy pursued is that which tends to give to trade the mastery over commerce. We are thus presented with the remarkable fact, that in those countries, which hitherto have been regarded as being most the friends of freedom, there exists a growing tendency towards centralization and slavery; and that in both, we meet the phenomena that elsewhere have attended decline of civilization. In both, the consumer and the producer are receding from each other — manufactures becoming more centralized from day to day, and agriculturists becoming more dispersed.* In both,

insane, had he predicted" the occurrence of such events. — *Letter of James L. Orr, of S. C., to Hon. C. W. Dudley.*

The reader who may desire to see what was a true picture of the United States ten years since, will find it in a work by the author of the present one, entitled *The Past, the Present, and the Future*, written in 1847, and published early in 1848. At no period in the history of the country was the tendency to harmony so great as it was in the brief period that followed the passage of the act of 1842, and that was then about to close.

* For the stationary condition of the population of the British islands, see *ante*, vol. i. p. 441.

therefore, there is a diminution in the power of association, and in the development of individuality. In both, the feeling of responsibility declines. In both, the power of progress diminishes from year to year. In both, property in land becomes more and more consolidated.* In both, the accumulations of the past are obtaining an increased control over the labors of the present. In both, the proportion of the population engaged in the work of production tends to decrease, while that engaged in transportation tends to increase. In both, stability and regularity diminish.† In both, the trader acquires increased control over the legislative action. In the foreign policy of both, the end is held to sanctify the means. In both, there is an unceasing thirst for territory, to be acquired at any cost; and political morality has nearly ceased to have existence. In both, there is a steady growth of pauperism on the one hand, and of luxury on the other. In both, strength declines. Both are gradually losing the power to influence the movements of the world; yet both imagine themselves to be increasing in strength and power. The greater the difficulty resulting from the existing system, the more determined are both to find in the road that leads towards slavery, the route towards freedom.‡

* Not only is this the case in Virginia, Carolina, New York, and others of the older States, but it is so in the newer ones of the West. In some of them, land has been so much monopolized by speculators, that the poor emigrant is forced to increase, by hundreds of miles, his distance from civilization, if he would obtain land at any moderate price.

† The following picture of California markets, furnished by a San Francisco journal, will be found to be but a slightly exaggerated one when applied to those of England and of the United States:—

“From the great remoteness of this market from all others, a state of things exists here which no person can fully understand without witnessing it. Trade of all kinds is like stock-gambling. For instance: The price of crushed sugar was three weeks ago twenty-four cents per pound; now, it is ten cents. The price of adamantine candles lately rose in one week from twenty-four to fifty cents the pound. Spirits of turpentine sixty days ago was from three to four dollars per gallon; now, it is from fifty to sixty cents. Coal is now being discharged from vessels, and cannot be sold for enough to pay freight. The fall is just as rapid as the rise in an article.”

‡ The recent extension of the patent laws to India is claimed as a great boon to the English inventor. It is so, for it enables him to compel the hundred millions of the people of India to pay taxes for his support, while depriving them of the power to make any improvements in their machinery unless licensed so to do by the men to whom he has sold his patent. It is a further extension of the monopoly under which India has already been so much exhausted.

CHAPTER XXIX.

THE SAME SUBJECT CONTINUED.

§ 1. THE greater the tendency to improvement in agriculture, the greater is the tendency to a rise in the price of the commodities produced. The farmer thus profits doubly: first, by an increase in the quantity of commodities he has to sell; and, next, by an increase in the power of each and every of them to command money in exchange.

That such *should* be the case, will be obvious to the reader when he reflects, that scientific agriculture follows in the train of the mechanic arts — that each and every artisan is a customer for the products of the farm — that with every increase in their number the farmer is more and more relieved from that heaviest of all taxes, the tax of transportation—that a home consumption enables him to pay his debts to the great bank from which his products have been drawn — and, that by help of the artisan it is, that his wheat and his wool are combined in the piece of cloth that travels readily to the gold-and-silver-producing countries of the world. The nearer the grist-mill to the farmer, the greater will be the tendency to a rise in the price of wheat; the nearer the cotton-mill to the farm and the plantation, the higher will be the price of wheat and cotton, and the greater will be the power of farmer and planter to improve their modes of cultivation.

That such *is* the case, is proved by the fact, that the prices of grain are highest in those countries in which the return to agricultural labor is largest—in England, France, Belgium, Denmark, and Germany. In the United States, we see the same facts everywhere exhibited — the farmer of Massachusetts obtaining seventy or eighty bushels of corn from an acre, and selling it at a dollar a bushel; while the farmer of Illinois, from land originally far superior in quality, obtains forty or fifty bushels, that he sells at twenty or thirty cents. The former, too, can raise fruit, potatoes,

and a vast variety of commodities that pay him better than his corn; while the latter is limited to the cultivation of corn alone. Looking backward in time, we obtain, as the reader has already seen, the same result. A century since, the price of wheat in England was 21s. 3d. per quarter, but thirty years later the average price, during a period of twenty years, was 51s. 3d.; and yet the quantity produced had almost doubled in that brief period.

§ 2. The greater the tendency to a decline in agriculture, the more do prices tend to fall. The farmer then loses in the quantity of his products; and to that loss is added a further one, in the diminished power of his commodities to command gold and silver in exchange.

That such *should* be the case, will be clear to the reader who reflects that agricultural decline is always a consequence of any increase of distance from the market — the removal of the artisan from his neighborhood always imposing upon the farmer a heavy charge for transportation, and compelling him to exhaust his soil. That it *is* the case, is shown by the fact, that the agriculture of Ireland and India, Turkey and Portugal, has steadily deteriorated; and that with every stage of that deterioration the reduction in the price of their commodities has kept steady pace with the diminution in the quantity produced. Looking backward in all the now improving countries of Europe, we find the same great fact. In France, in the days of Louis XV., when the yield of land was not a fourth of what it is at present, the price was less by nearly a third than it has been in the last forty years.* In England, as has been seen, wheat sold, a century since, at less than a third of the price it now commands. In other portions of Europe, the changes of a century, as given in a recent German work,† were as follows:—

	1800—1826.	1700—1722.
Dantzic.....average	42s. 11d.	23s. 1d.
Biscay..... “	58 7	24 11
Dort..... “	52 7	32 6
Bordeaux..... “	50 1	22 7
Stockholm..... “	28 8	17 1

* See *ante*, p. 53.

† ROBERTUS: *Sociale Briefe*, p. 245.

The power of the wheat producer to command the precious metals in exchange for his commodity, on an average of all these prices, is thus shown to have been less than half, in the first thirty years of the last century, of what it was in the corresponding period of the present one; and yet the productiveness of agricultural labor had much increased.

§ 3. The greater the tendency to agricultural improvement, the greater is the tendency to decline in the prices of manufactured commodities. That this *should* be so, is obvious from the fact, that such improvement is a result of the near approach of the artisan to the farmer, with the effect of eliminating all the waste and loss resulting from the necessity for transportation. The one obtains his food and his raw materials cheaper than before, while the other sells them higher than before—the saving being divided between the two, to the great advantage of both. In proof that it *is* so, we have the fact, that the countries in which manufactures are cheap, and from which, for that reason, they are exported, are those in which raw materials are high in price, and into which, for that reason, they are imported.

The greater the tendency to agricultural decline, the greater is the tendency to increase in the price of finished commodities. That such *should* be the case, is clear, because such decline is always a consequence of the removal of the artisan from the side of the farmer, and the increasing cost of transportation. That it *is* so, is proved by the fact, that the countries in which agricultural products are cheap, and therefore exported, are those in which manufactures are dear, and therefore imported; as is seen in Ireland, India, Turkey, Portugal, the West Indies, Africa, and South America—in all of which the course of agriculture is retrograde.

§ 4. Having read the above, the inquirer is led, and that, too, most naturally, to ask: “Is it not inevitable, that improved cultivation must tend towards the cheapening of corn, as improvements in the modes of conversion tend to cheapen cloth?” That such is the case, is certain—the discovery of new manures, and the invention of more powerful instruments, having, all of them, a tendency towards reducing the quantity of labor required for

its production, and towards lessening its price. Here, however, as everywhere, the harmony of interests is maintained by means of balancing attractions—the downward movement thus indicated, being more than counteracted by an upward and opposing force.

Improvement in the modes of cultivation, tends to raise the price of land, while depressing that of corn. Improved methods of converting corn into meal, tend to raise the price of corn, while lowering that of flour. Improvement in culinary processes tends to raise the price of flour, while depressing that of bread. Improvement in the mode of converting food into iron, gold, lead, or any other of the commodities required by the food producer, tends to raise the price of bread, while depressing that of the commodities whose production is thus facilitated. Each and every commodity and thing, is, thus, in daily subjection to attractive and counter-attractive forces—corresponding, precisely, with those which govern the movements of the several portions of our solar system. At each and every stage of progress, the land approximates more nearly to the corn, the corn to the flour, the flour to the bread, and the bread to the iron—the ultimate effect of all these changes being, an ever-growing approximation of that first of all raw materials, the land, to the last and most remote of the finished commodities, which the earth and its products can be made to yield.

That land—embracing, as it does, all the elements of production—rises in price, as its materials are utilized by converting skill and power, is a truth so obvious, as to need no argument. That human labor rises with it, is a fact, the proof of which may be found in all advancing communities. Belonging to the same category—being, alike, the ultimate raw material of all production—neither of these is liable to be cheapened by improvement in the modes of their production. Subject to no counter-attractive forces, they must rise with every improvement in economic progress—the most highly finished products of human industry experiencing a corresponding fall, and for the reason, that they cannot be made the raw material of any further conversion, and cannot, therefore, rise by aid of any improvement whatsoever.

Man and land stand, thus, at one extremity of the scale, and

the commodities and things of highest finish, at the other—the former steadily increasing in value as compared with the latter, while the latter as regularly decline in value, when compared with them. The earth, as man's throne, thus rises with its sovereign—its services, and those of all its parts, descending, and so continuing to do, until they bow to his feet.

It may, however, be further asked: "Might not ameliorations of cultivation take place, unaccompanied by improvement in the conversion of its products, and would they not, in that case, be attended by reduction in the prices of the raw material of human food?" Were that possible, such would certainly be the case. It is, however, no more possible, than it would be, that the attractive power of the sun should increase, leaving unaffected the motions of the various bodies by which he is attended in his course. Agricultural improvement waits upon, and never precedes, industrial development—the application of new manures, the discovery of improved modes of applying power, and the invention of machines, being consequent upon that diversification of pursuits, by means of which, the various human faculties are stimulated into action, and men are fitted for that association with their fellow-men, required for enabling them to direct the forces of nature to their service.

The tendency towards approximation of prices, is in the direct ratio of the growth of the power of association, and of the rapidity of circulation between the land and the corn, the corn and the meal, the meal and the bread, the bread and the metals—resulting from the near approach of consumers and producers. Circulation becomes more rapid, as the attractive and counter-attractive forces increase in their intensity—the law, in virtue of which, Venus moves through her orbit at a rate so much more rapid than that of Mars, or Jupiter, being precisely the same with that which governs the societary movement.

§ 5. The conclusions at which we now arrive are—

That, with the development of agricultural science, consequent upon the increased diversification of employment, and augmented power of association, the farmer obtains more from his lands, while the prices of his products tend to rise:

That, simultaneously therewith, the prices of manufactured commodities tend to fall; and that he not only obtains more of

them in exchange for every bushel of his corn, but he has more of the corn to sell :

That, with every stage of progress in that direction, commerce increases, with daily diminution in the power of the trader, and constant increase in the facility of association and combination — in the development of individuality — in the feeling of responsibility — and in the power of further progress :

That, on the other hand, as agriculture ceases to be a science, the farmer obtains less from his land, while prices tend to fall :

That, simultaneously therewith, the prices of manufactured commodities tend to rise ; and that, thus, the farmer obtains less in exchange for a bushel of corn, while having fewer bushels to sell :

That every step in that direction is attended with decline of commerce, with increase in the power of the trader, and constant decline in the facility of association — in the individuality of the people—in the feeling of responsibility—and in the power of further progress.

In the former case, there is an increased development of the treasures of the earth ; the foundations of society are sunk daily deeper ; its movement becomes more regular ; civilization advances ; and men become from year to year more happy and more free. In the latter one, the power to command the various natural forces steadily declines ; man becomes more nomadic and unsteady ; the movement of society becomes from year to year less regular ; civilization declines ; and men become from year to year less happy and less free.

§ 6. The policy of the United States looks in the latter of these directions — in that which is indicated by the political economists of the British school. The object that by that country is sought to be attained, is that of lowering the price of all the raw materials of manufacture—wool, corn, and labor. Its results, as thus far exhibited, are found in the fact, that pauperism has grown with the growth of the power of the people of England to command the gratuitous services of nature. As exhibited throughout the American Union, they are found in the steady decrease in the prices of all their staple products, and equally steady increase in the quantity thereof required to be given to the mining

and manufacturing communities of the world for the products of their respective soils.*

They are further seen in diminution in the return to agricultural labor—proceeding, as it does, *pari passu* with the decline of price; in the growing tendency to emigration, and consequent increase in the obstacles to association and combination; in the growing power of the trader and transporter to direct the affairs of the community; and in the many other phenomena to which the attention of the reader has been called—each and every of which, if occurring in any other country, would be regarded by intelligent Americans as evidence of declining civilization.

The occurrence of all these facts, is due to a single great and fundamental cause—that cause being to be found in the unceasing exhaustion of the powers of the soil, consequent upon the

* For the changes in the quantity of flour and cotton required to be given in exchange for the various metals, see *ante*, page 204.

The recent publication of the prices at which wheat has been received at Rensselaer Manor, Albany, in the payment of rent, enables the author now to show what have been the changes in the price of the raw material of flour; as follows:—

	Per bushel.		Per bushel.
1801—1805	\$1.44	1831—1835	\$1.15
1806—1810	1.30	1836—1840	1.65
1811—1815	1.87	1841—1845	1.01
1816—1820	1.72	1846—1850	1.40
1821—1825	1.07	1851—1853	1.10
1826—1830	1.12		

As in the case of flour, the highest price is found in the period from 1811 to 1815, when there existed little intercourse with foreign countries. From that date, the tendency has been almost steadily downward—the only exceptions to the rule, at all important, having been in the time of wild speculation of the free-trade period which preceded the crash of 1840; and in that of the Irish famine.

Turning to the tobacco trade, we obtain similar results. From 1816 to 1820, the fall was very great, although its extent cannot be precisely ascertained. Low as was the price in the period from 1821 to 1825—the earliest years given in the tables furnished by the Treasury—the descent has since been almost constant—the only exception having been in the speculative period above referred to, as here is shown:—

1821—1825.....	average export price, per hhd.	\$73 11
1826—1830.....	“ “ “ “	67.03
1831—1835.....	“ “ “ “	68.81
1836—1840....	“ “ “ “	86.14
1841—1845.....	“ “ “ “	59.38
1846—1850.....	“ “ “ “	58.77

More than twice the number of hogsheads is now required to pay for any given quantity of the several metals, that would have been needed forty years since.

exportation of all its products in their rudest state. Desiring to find a remedy, we must seek for it in measures directed not only to the maintenance, but to the increase, of those powers, and to the creation of a scientific agriculture. That, as we know, is the last of all the pursuits of man to attain development; and for the reason, that for the production of a skilful agriculturist there is required a wider extent of knowledge than is needed in any other branch of science. That that knowledge may be obtained, men must associate and combine together—exchanging ideas and services. The more perfect the facility of association, the more rapid will be the development of the human powers, and of the powers of the earth; the more instantly will the demand for mental and physical power follow upon its production; the more rapid will be the growth of wealth; and the higher will be the aspirations of men. That association may exist, and that it may increase, there must be diversity in the modes of employment, and in the demands for the faculties of men.

§ 7. In what manner do employments become diversified? What are the measures by which in other countries that effect has been produced? These questions being answered, we obtain a guide for future action—learning how commerce may be made to grow—how mind may be developed—how the powers of the earth may be stimulated into action—how wealth may be increased—and how man can be made more moral and more free. Seeking the answer, we find that the growth of freedom in England was coincident with the adoption of measures, having for their object the placing of the manufacturer by the side of the agriculturist; and that at no period was the advance so great as in the latter half of the last century, when a market was so rapidly being created on the land for all its products. Looking to France, we see that man has greatly advanced in wealth, strength, and power under the system introduced by Colbert—that which looked to bringing the artisan to the side of the farmer, while at the same time diversifying the pursuits of the latter by naturalizing various products of foreign climes. By help of that policy, French commerce, both domestic and foreign, is increasing with a rapidity that is wonderful; and the country is, from year to year, more and more placing itself in the lead of Europe. Comparing

the present position of Great Britain and of France, we find that while the commerce of the latter has so much increased, that of the former has nearly, if not quite, disappeared — her present intercourse with the world consisting altogether in purchasing, changing the form, and selling, the produce of other lands. Passing to Germany, Russia, Denmark, and Sweden — disciples in the school of Colbert — we find a rapid increase of commerce, accompanied by a corresponding development of the powers of both earth and man; but when we look to Ireland or India, Portugal or Turkey, we see a state of things directly the reverse of this — trade there taking the place of commerce, the land declining in value, and man becoming from year to year less free.

Looking next to these United States, and comparing the movements of the various periods when the farmer has had protection, and when it has been withheld, we find a rapid forward and upward one in that ending in 1816, followed by a downward one in that ending in 1824 — a forward motion from that year to 1834, followed by a backward one from 1835 to 1842 — an upward and advancing one from 1842 to 1847, followed, in the decade that is just completed, by a downward one, the most remarkable that is recorded in the history of the world, to have been accomplished in so brief a period. So great is it, that should it be continued throughout another decade — and the progress of man, in whatsoever direction, is always an accelerated one — it may well be doubted if universal anarchy will not prove to be the result. All the facts presented for consideration, both at home and abroad, in past and present times, seem, therefore, to warrant the conclusion, that the road towards human progress lies in the direction indicated by Colbert and by Adam Smith — that of bringing the consumer to take his place by the side of the producer, and thus enabling the cultivator to pay his debt to our great mother earth, by restoring to her the commodities she has yielded, after they have been made to serve his purposes. To that end, protection, as proved by the experience of all the world, is indispensable.

§ 8. It is charged, however, that protective measures tend to raise the price of manufactured commodities, and that the farmer is thus taxed for the benefit of the people who convert his corn and his wool into cloth. Is it so? Let us inquire. All commo-

dities go *from* places where they are cheap, *to* those at which they are dear; and if we can discern where it is, that manufactured goods are exported, and where they are imported, we can find where they are high, and where they are low, in price. In no country of the world has protection been more fully established than in England, and yet that country has, for a century past, furnished cloth and iron to the world. In France, protection has been maintained with remarkable steadiness, and the protection has been most complete; and yet France is now, of all the countries of the world, the largest exporter of her own products in a finished form, and maintains, therefore, the largest external commerce. In Germany, cloth and hardware have taken the place of the former exports of corn and wool. The experience of all these countries tends, therefore, to establish the fact, that protection enables a people to be cheaply supplied with the finished commodities required for the satisfaction of their wants.

Turning next to the countries in which manufactures are high in price, and into which, consequently, they are imported, we find them to be those in which protection is denied; * to wit, Portugal and Turkey, Jamaica and India; and thus is it established, that the absence of protection compels a people to pay high prices for the commodities that are included under the head of manufactures.

Looking next to the United States, it is found that, of all the branches of manufacture, no one has been so thoroughly protected as that of ships — and that, of all, that is the one in which the community is most cheaply supplied. Next, it is seen, that the manufacture of coarse cotton cloth has been more efficiently and steadily protected than any other — and that such cloths are now supplied so cheaply as to enter largely into the list of exports; and thus does American experience correspond with that of the world at large. †

* In some countries protection is attempted, but the weakness of the government forbids that the provisions of the laws should be carried into effect. The Methuen treaty with Portugal, and the possession of Gibraltar, have always enabled the people of England to set at defiance the laws of Spain. So, too, with Italy and Mexico, both of which attempt protection, but are unable to enforce it.

† In many departments of employment, protection is afforded by circumstances peculiar to themselves. Of this, the newspaper is an example. With its publisher there can be no foreign competition. His protection is complete, and the result is found in the fact, that no country is so cheaply and

§ 9. It is further said, that protection tends to lower the prices of the raw produce of the earth. If so, it must tend to produce its export. The reverse of this, however, is the fact — raw produce being exported from all unprotected countries, and imported into the protected ones. Thirty years since, Germany was a large exporter of wool, because it was cheaper there than in other countries. Now, she imports largely of it, because it is dearer than in other countries. Thirty years since, she exported rags. Now, she imports them. Her experience corresponds, therefore, with that of France and England, in both of which food, cotton, wool, and other raw materials are so dear that they are imported. Ireland and India, Jamaica and Turkey, the unprotected countries, export raw materials because they are cheap, and they import manufactures because they are dear. In them, the prices of those materials and of manufactures are gradually, but steadily, *receding* from each other, and the yield of their lands is as steadily diminishing. Hence it is, that those communities decline in wealth, strength, power, and civilization. In Germany and Denmark, France and Russia, prices as steadily *approximate* each other; and hence it is, that those countries so steadily increase in wealth and civilization. In the United States, as has been shown, prices are receding; and hence it is, that the country presents to view so many of the phenomena that everywhere else have characterized advancing barbarism.

abundantly supplied with daily and weekly journals. Again, the peculiar circumstances of the country render necessary the production of school-books adapted to its institutions and its modes of thought. There is in that department, therefore, no foreign competition; and therefore it is, that, in quality and in cheapness, American school-books are unrivalled. Further, there can be no foreign competition in the construction of bridges, and there the American architect is unsurpassed. The daguerreotype manufacture, and the work of converting cloth into clothing, are both protected by reason of the peculiar circumstances of the case. In the first, cheapness and perfection are so far attained as to have caused an annual production amounting to millions of dollars; and in the second, the invention of the sewing-machine bears testimony to the quantity of mental faculty that is given to the work. The piano-maker is protected by the necessity for having the materials adapted to the climate; and the result is seen in the extraordinary extent to which the manufacture is carried.

Whatever the circumstance that gives the protection — whether designed or accidental — the result of all American experience is, *that the more perfectly the home market is secured to the domestic artisan, the greater is the tendency to cheapening the commodity, and facilitating its acquisition by those who desire to*
use it.

§ 10. The closer the approximation of the price of wheat and of flour, the greater becomes the power of the farmer to consume bread. The nearer the prices of cotton and of cloth, the greater is the power of the cotton-grower to purchase clothing; and the less the quantity of cotton and of wheat required to pay for a ton of iron, the more is the power of the farmer and the planter to purchase machinery, and the iron of which it is composed. The power of consumption is the measure of the power of production, and when we ascertain the one, we determine the other. The power to consume iron increases rapidly in France and Germany, in Denmark and Sweden, in Spain and Russia—the protected countries of Europe. It declines in all the unprotected countries of the world; and it does so, because in all of them raw materials are cheap and manufactured ones are dear.

Turning now to the United States, we find that the consumption of iron, per head, more than doubled in the protective period from 1824 to 1834—that it declined in the free-trade period which closed in 1842—that it increased 150 per cent. in the protective one from 1842 to 1847—and that now, at the close of the first decade of the existing system, it is no greater than it was in its earliest year.*

Looking next to cotton, we meet with a consumption that increased 50 per cent. in the period from 1824 to 1834—that was nearly stationary from that time to 1842—that nearly doubled between 1842 and 1847—and that is less, per head, at the present time than it was then.†

* Prior to 1824, it was under 20 pounds per head. In 1834, it was nearly 50. In 1842, it was under 40. Five years later, in 1847, it was little less than 100. Nine years later, in 1856, it was no more, notwithstanding the import of vast quantities in exchange for railroad bonds. The power of consumption, resulting from the power to pay for it, is therefore less now than it was at the date of the passage of the act of August, 1846.

† The domestic consumption of cotton in 1824 was 110,000 bales, or about 4 pounds per head. Ten years later, under protection, it had risen to 216,000 bales, or about 6 pounds per head. In the eight years that followed, the growth at any time was trivial, and in the last of those years was not more, per head, than it had been in the first. Six years later, under a protective tariff, it had risen to 600,000 bales, or 12 pounds per head. Seven years later, (1844–5,) it was less than 700,000 bales—giving not even 11 pounds per head. The domestic demand for cotton, resulting from the consumption of foreign-made cloth, is so trivial as scarcely to be worthy of the slightest notice. At no period has it much exceeded a single pound per head, and, what is worthy of remark, it bore a smaller proportion to the population in 1854–5, when the domestic manufacture was stationary, than it had averaged under the highly protective tariff of 1842, when the domestic manufacture

The power of consumption is thus shown to increase in all the protected countries of the world, and to decline in the unprotected ones; and the movement of the United States in the different periods, is proved to be in direct accordance with all the facts that elsewhere are observed. Why should this be the case? Because protection looks to the promotion of commerce, and to increase in the circulation of society — thus enabling each and every man to sell his labor, and to become a purchaser of the labor of others. Circulation is rapid in Denmark and Sweden, but slow in Turkey and Portugal. It is rapid in France when compared with Ireland or India, and slow in Jamaica when compared with the United States. It was rapid in the latter at the return of peace in 1815, but some years later it became so slow, that hundreds of thousands of persons were wholly unemployed. It increased in rapidity from 1824 to 1834, but afterwards it so much declined, that men were everywhere wandering about, seeking employment that could not be obtained — while wives and children were perishing for want of food. From 1842 to 1847, it became from year to year more rapid, but before the close of the year 1850, under the free-trade system of 1846, it so much declined as to furnish evidence that the scenes of 1842 were likely soon to be re-enacted. With the discovery of California, and the increased supply of gold, it became again more rapid, but now the circulation diminishes with each successive year, and the waste of labor increases—with corresponding growth of pauperism.*

doubled in so brief a period. The number of bales of cotton required for producing all the foreign cloth consumed in that year could not much have exceeded 50,000, and it is doubtful if it was so much. The consumption of foreign and domestic cloth, combined, is not, now, more — per head — than was that of domestic cloth nine years since; and yet, in the five years of the protective tariff of 1842, it had more than doubled.

* For several years, each successive winter has exhibited an increase in the number of persons who have been wholly without the power to sell their labor, or to obtain the means with which to purchase food and clothing. How great must have been the destitution in New York, is shown by the following passage from a circular issued by one of the associations in that city for the relief of the poor, in January, 1856:—

“Up to the present, the Association has relieved 6,622 families, containing 26,896 persons, many of whom are families of unemployed mechanics, and widows with dependent children, who cannot subsist without aid. And as the season advances the amount of destitution will increase. Last winter, it was three times as great in January as in December, and did not reach its height until the close of February.”

§ 11. The economy of labor is in the ratio of the rapidity of circulation. The man who eats food consumes capital, but does not destroy it. It reappears in a higher form — that of mental and muscular power. That power being applied, the food reappears again, increased in quantity. Not being applied, the capital is wasted. That it may be economized, there must be association and combination; and that these may exist, the demands for services, physical and mental, must be diversified. From year to year it is being more economized in all the protected countries of the world, and therefore it is, that the power of consumption in all of them so rapidly increases. It is being more and more wasted, from year to year, in all the unprotected countries of the world, and therefore it is that their power of consumption so rapidly declines. In the United States, it was being economized from 1824 to 1834, and from 1842 to 1847—and in both those periods, as the reader has seen, the power of consumption rapidly increased. It was being wasted in the period from 1835 to 1842, and then consumption rapidly declined. At the present moment, the waste is probably as great as in any civilized country of the world, as the reader may satisfy himself by remarking how large a proportion of the population is engaged in the effort to obtain a living by means of trade, brokerage, gambling, speculation, law, and other pursuits requiring comparatively little effort of the physical or mental powers—and how large, too, is the number that would gladly sell their labor if they could. The waste power of a city like Philadelphia cannot be estimated at less than a million of dollars per week, while that of New York is probably twice that sum. Throughout the country, it may be assumed that the quantity of physical and mental power that is employed is *not even one-third of what is produced*—giving, if we take the present productive power as being equal to \$3,500,000,000, an annual loss of \$7,000,000,000, as a consequence of the absence of that diversity of employments which is required for giving rapidity to the circulation, and thus making demand for all the physical and mental force resulting from the consumption of food.*

Were all that force employed, the power of production would

* The reader who may doubt the correctness of this view, may have his doubts removed by a visit to almost any rural district south of New England. He will see everywhere that time is little valued, because of absence of the power to sell it.

be trebled, and the comfort that might be obtained in return for the labor of a morning, would be greater than can now be had in exchange for that of a day.

§ 12. The power of accumulation is in the ratio of the rapidity of circulation, and is a consequence of the economy of labor. That the circulation may be rapid, there must be diversity of employments; and the more perfect the diversification, the greater is the development of individuality, and the greater the power of progress. That accumulation exhibits itself in the opening of mines, the building of mills and furnaces, the drainage of swamps, and the subjection of the most fertile soils to cultivation; and with each and every step in that direction agriculture becomes more and more a science, while man becomes from year to year more enlightened, more moral, and more free. The reverse of all this is seen in all the countries in which the circulation becomes less rapid; and therefore it is, that there is no accumulation in Ireland, India, Portugal, Turkey, or other unprotected countries, while capital accumulates so rapidly in Northern Germany, France, Denmark, and other protected ones. In the former, men are from year to year more compelled to depend upon the unassisted force of the human arm; whereas, in the latter, the powers of nature are being everywhere more subjected to the command of man.

Looking to the United States, we meet with facts corresponding precisely with that which in other countries is observed. In the period ending in 1816, there was a rapid accumulation, as was shown in the building of mills and furnaces; and labor was then in universal demand. In the years that followed, no mills were built, men were everywhere unemployed, and the power of accumulation appeared to have ceased. From 1824 to 1834, accumulation was rapid, as was shown by the fact, that mills and furnaces were built, that mines were opened, and that roads were everywhere being made. From 1836, the course was downward. Foreign debts, to the amount of hundreds of millions, were incurred in the closing years of that free-trade period, and poverty was almost universal throughout the country. Again the scene was changed, and the country that had been so poor in 1842, ranked, in 1847, among the richest of the world. In proof of the truth of this, it is needed only that the reader remark the fact, that while in the

previous free-trade period, the stocks and bonds of American companies and States were peddled through all the markets of Europe, not only were no debts contracted in the protective one, but much of the accumulated interest of previous years was then discharged. That the necessity for the contraction of debt, is to be received as an evidence of poverty in the first, is shown by the fact that the consumption of cloth and iron remained stationary during the period in which the loans were being made; and that the emancipation, in the second of these periods, from the necessity for contracting foreign debt, was a consequence of growing productive power, is proved by the fact, that the consumption of both cloth and iron was then increasing at a rate that had never before been known in any country of the world. In the decade that has just elapsed, consumption has not increased; and yet an enormous debt — amounting, probably, to \$200,000,000 — has been added to that which before existed. It is when the circulation of society is most rapid that the consumption is greatest, and then it is that the power of accumulation most exists; and for the reason, that then it is, that the capital that is consumed in the form of food most tends to reappear in the form of commodities and things produced by human labor.

§ 13. The greater the mass of coal, iron, lead, and copper that is mined, and of machinery and clothing that is made, the larger will be the quantity to be offered in exchange for food and other raw materials — the greater will be the tendency to the creation of a scientific agriculture, and to the cultivation of the richest soils — the larger will be the product of agricultural labor — and the greater must be a tendency to a rise in the price of the commodities the farmer has to sell. In proof of this, we need only to look to the course of affairs in Russia, France, and Northern Germany, in all of which, as the reader has seen, the rise in the price of food has kept pace with the development of the mechanic arts and the improvements in the modes of cultivation. If further proof be needed, it may be obtained by looking to the unprotected, and therefore non-manufacturing, countries — Ireland, India, and Turkey — all of them abounding in metals that might be mined, and in fuel that might be used — and marking the

gradual decay of agriculture, the steady abandonment of the land, and the decline in the price of the commodities produced.

In the first, the dependence of the farmer on the distant market steadily diminishes. In the last, it as steadily increases. In the first, man is becoming more and more the master of nature and of himself. In the last, he becomes more the slave of nature and of his fellow-man. Turning now to the United States, we find their first exhibition of independence in the closing years of the tariff of 1828, when the price of food remained for several years entirely unaffected by the extraordinary change in the English markets.* In the twenty years that since have passed, those of protection have been but four, and the result is seen in the fact, that the dependence on the distant market has steadily increased, with constant decline in the prices of flour, corn, and tobacco, until, in the period that immediately preceded the recent war, they had fallen to a point lower than had ever before been known. Low as were the prices, the quantity of food for which a foreign market could be found was so insignificant that it would have been absorbed by an extra home consumption of less than a dollar per head. The labor — physical and mental — that is here allowed to run to waste, could, if properly applied, produce commodities to be given in exchange for food, that would amount to more than a hundred dollars per head. Were but a very small portion of that labor economized, the additional consumption would amount to ten times more than all that goes abroad — causing prices to rise to a level with those of England or of France. A bushel of corn is worth as much in Illinois, or Iowa, as in the neighborhood of Paris, or of London; and the sole reason why it sells for only a fourth or a fifth as much is, that the farmer is burdened with the cost of sending it to market. Bring the market to him by opening the great coal and ore deposits of Indiana and Illinois, Missouri and Michigan, and then not only will he be relieved of the necessity for looking to distant markets, but it will become impossible for him to supply them, because the price at home will be on a level with that abroad. The change thus effected would count to the farmers of the country to the extent of many hundreds of millions of dollars, and at no distant day it would be reckoned by thousands of millions.†

* See ante, p. 229.

† Ibid. p. 194.

Great as would be the effect thus produced, it would elsewhere be exceeded. Becoming rich themselves, the farmers would cease to be obliged to solicit favors in the Atlantic and European cities — praying wealthy capitalists, who have been enriched at their expense, to accept, and at a large discount, their bonds, bearing interest at the rate of 8 or 10 per cent.—and thus imposing upon themselves a heavy tax that must be paid for ever.* Freed from such taxation, they would construct five miles of road — and that, too, without the contraction of any debt—for every one they now can make.†

Capital is always abundant and cheap when circulation is rapid and labor is productive, as was the case in the closing years of the protective periods that terminated in 1834 and 1847. It is always scarce and dear when circulation is slow, and when the power of association declines, as was the case in the free-trade period that followed the close of the great European war—in that which ended in 1842—and in the present one, when men are everywhere engaged in the work of changing the places of their families and themselves, and not in that of production. In the one, the labors of the present are obtaining a constantly increasing control over the accumulations of the past; whereas, in the other, the power of the capitalist is an increasing one, while that of the farmer and the laborer as regularly diminishes.

§ 14. Clearly as is this the case with regard to the farmer and his products, its truth becomes much more obvious when we study the movements of the plantation. Forty years since, the planter sent to market 80,000,000 pounds of cotton, for which he received at the ports of shipment \$20,000,000. Twelve years later, he gave thrice that quantity for the same amount of money; and at the close of another period but little longer, he sent nine times as much, in exchange for little more than double the quantity of gold and silver. His power to command the services of the precious metals steadily declines, as he more and more ex-

* The average cost of the roads of the United States is probably not less than double what it would be but for the inability of the land-owners to make them for themselves, and without the help of loans.

† Almost the sole condition upon which railroads can now be made, is the grant by the Federal government of as much land as pays for making them; and yet the people who require to use them are taxed just as heavily as they would have been had the capital been furnished by individuals.

hausts his land, and limits his production.* The facts occurring in both sections of the Union are thus precisely similar, and they are in perfect accordance with the phenomena presented for consideration, in every country in which the dependence on foreign markets is a growing one.

To enable us to see the cause of this, we must examine the movements of large and small-crop years — in the first of which the circulation is always sluggish, because of the abundance of the commodity; while in the latter it is rapid, because of scarcity :—

1849, export.....	1,026,000 pounds;	product, \$66,000,000
1850-51, average export.....	781,000 “ “	92,000,000

Had the planters, in the first of these years, united to destroy 250,000,000 of pounds, they would, as we have seen, have gained \$26,000,000 by the operation. In the two years that followed the last of those above referred to, they sent to market an average of 1,100,000,000 of pounds, and obtained for it, *at the port of shipment*, \$98,000,000. Deducting now the extra inland transportation, it will be seen that they must have received, *on the plantation*, a less amount of money for 1,100,000,000 than they had previously received for 781,000,000. Here, as before, they would have profited largely by the burning of a few hundred thousand bales.

Consumption by fire would, however, be unprofitable. What is needed is, an increased consumption by men who have the means to pay for it. The power to purchase food and clothing grows with the growth of power to produce commodities to offer in exchange. This latter grows, as is seen, with the increased rapidity with which men of various powers are enabled to exchange services with each other; or, in other words, with the increased rapidity of circulation. In proof of this, we have the fact, that it is in the protected countries of Europe — Northern Germany, Russia, France, Belgium, Denmark, and Sweden — that the demand for cotton rapidly increases; whereas, in Ireland, Portugal, and Turkey — the unprotected ones — it as much dimi-

* The average crop of the years from 1843 to 1846 was 2,225,000 bales. That of the past four years has somewhat exceeded 3,000,000, and has been obtained by means of an exhaustion of the soil that would not be paid for by the whole sum received for the product.

nishes. In India, it declines so much, that a constantly increasing quantity is being forced upon the British market, to the great loss of the Carolina planter. Turning next to the United States, we find the consumption to have doubled in the period from 1824 to 1834, and to have declined in the years that followed; to have more than doubled in the five years that followed the passage of the act of 1842, while it has actually declined in its ratio to the population in the years that since have passed. Taking now all the countries of Europe that follow in the direction indicated by Colbert and by Adam Smith—that of bringing the artisan to the place where the food and the wool are grown, that he may combine them into cloth—we find that of the increased product of the United States, in the period from 1840 to the present time—but little more than a million of bales—more than half is required for the supply of their increased consumption. Adding thereto, the increased demand of the United States that was made under the tariff of 1842, we have nearly all the balance; and thus is established the fact, that *nearly the whole increased demand for the planter's products has resulted from the adoption of the protective principle*. Such being the case, it would seem quite clear, that if the cotton-planter desired to obtain for his product that rapidity of circulation which is required for raising its price, he should follow in the direction of the protective tariff of 1842, and not in that of the free-trade one of 1846.

The first tended to the production of motion in every portion of society—facilitating the sale of labor, and enabling every one to purchase food and cotton. The last stops the circulation, prevents the sale of labor, and thus destroys the power to purchase food and clothing. The one endured but little more than five years, and yet it doubled the planter's market. Even then, it had but commenced to operate. Had it been continued to the present time, the domestic consumption of cotton would be now at the rate of 20 pounds per head—absorbing little less than half the present crop, and enabling its producer to obtain more for the exported half than he now obtains for all that is consumed, whether at home or abroad. *The planter would profit by an increased home consumption, even were he to receive nothing in exchange for his additional cotton*. How much more, then, would he profit by such increase when its effect was to raise the price of all

let the place of consumption be where it might! Civilization would then advance, for the land would be enriched by the return to it of the refuse of its products. Agriculture would then become a science, and with every step in that direction harmony would reappear; while man would rapidly advance in his physical, moral, and intellectual condition — becoming more enlightened, more happy, and more free.

It will be said, however, that cotton was low in price in the period that followed 1842. Such was undoubtedly the case, and for the reason, that protection was then resorted to because of the ruin that by the opposite system had been produced. The man who sows the seed does not expect at the next moment to reap the crop; nor does the engineer expect his train to be in full motion the instant after he has determined to apply the steam. Both farmer and engineer understand perfectly that TIME is required, and is a most important element in the calculation; yet modern political economists reject it altogether. Even to stop an engine that is running rapidly down a hill, is a process that is difficult, but to make it then run up the hill is one that requires a larger amount of power. How great, then, must be both the power and the time required for arresting a nation that has for years been running down the hill, and with a constantly accelerating motion! For nearly seven years, the people of the United States had been declining in wealth and power, and the first effect of the passage of the act of 1842 was required to be that of moderating the rapidity of their descent; after which, they were to be brought to move in the opposite direction. That they were so brought, and that the change was wonderful, is shown in the great increase in the consumption of cloth and of iron that then took place. That increase it was, which saved the planter from utter ruin, and yet to him almost alone, was due the change of policy in 1846, under which the consumption of cotton has remained as nearly stationary as it was in the former free-trade period, from 1835 to 1842.

§ 15. It is said, however, that the laborer suffers from the existence of the protective system. The great field for the employment of labor being, however, to be found in the employments of the field, it is difficult to see how the elevation of the

prices of agricultural products could do otherwise than benefit the laborer generally, in a country in which, to so great an extent, the farmer owns the land he cultivates. The larger the reward of the laborer on the farm, the larger must be the inducements held out to him by those who need his services in the city. That those inducements are required to be increased, is proved by the fact, that consumption so rapidly increases in the protective periods, while it remains stationary, even when not receding, in the free-trade ones. It is proved, too, by the fact, that immigration increases in the first, and declines in the last.* By this, the farmer and the planter largely benefit. The whole quantity of food exported to all the world, in the years from 1850 to 1852, if equally divided among the people of Great Britain and France, would not amount to fifty cents per head. Every man imported from France or England, Germany or Sweden, becomes a customer to the farmer, for food alone, to the extent of fifty dollars a head, and the increase in the demand upon the planter—resulting from his change of place—is in little less proportion. *One man brought here to work is, therefore, better for the farmer than are a hundred men working for him in the shops of Lyons, or of Manchester.* An import of half a million makes, therefore, more demand upon him, and does more towards raising his prices, than is done by all the people of Great Britain and of France combined.

All commodities tend to go *from* the places where they are cheap, to those in which they are dear. The facts, that immigration increases in the periods of protection, and that it declines in those of the opposite system, are, therefore, conclusive as to their respective effects upon the condition of the laborer.

§ 16. The ultimate cause of all the phenomena to which the

* The immigration of the years 1832, '38, and '84 was more in amount than that of the ten previous years—thus proving a rise in the price of labor. It continued to rise, slightly, until 1837, after which it remained stationary, on an average of the seven succeeding years. In 1845, it commenced again to rise, and so continued, until, five years later, it had attained an amount four times greater than in the period preceding, and immediately following, the lamentable period of 1842. Prior to the discovery of California gold, it had again declined, but it then rose again to a point still higher than that of 1849. It has now fallen to a point as low as that at which it stood ten years since; and hence is furnished a conclusive proof of a diminution in the demand for, and compensation of, the laborer's services.

attention of the reader has been called, and in which are to be found the evidences of deterioration and decline, must be sought for in the constant exhaustion of the soil, and consequent dispersion of the people. Men become civilized as they come nearer together, and barbarized as they separate from each other. "It is not good," as we are assured, "for man to live alone;" and if evidence of this were needed, it would be found in the unpleasant facts that are now of daily occurrence throughout the extensive regions of the West. The remedy for all of them is to be found in the adoption of a system tending to the maintenance and improvement of the powers of the earth, and to utilizing the various forces furnished by nature for the use of man. The waters of the James and Potomac rivers would do more work than could be done by all the slaves of Virginia; and so is it with the rivers of Carolina and Georgia, Alabama and Mississippi, as compared with the labor-power there in use. The coal-fields of Carolina are capable of doing more work in a year than is done by all the people of all the Southern States, in half a century; and the number of persons required to mine the coal, smelt the ore, make the engines, and build the mills, by means of which the effective power of the whole South could be so much increased, would not amount to two per cent. of the population.*

In default of these willing slaves—slaves who would work without asking to be fed, clothed, lodged, or taught—the people of several Southern States now seek the opening of the African slave trade, as a means of obtaining supplies of labor.† Following in

* The reader has already seen that the number of persons engaged in Great Britain in supplying power and maintaining and increasing her steam machinery, is less than 100,000, and that the power supplied is equal to that of 600,000,000.

† "The evil of slavery is in the want of slaves. We ventured yesterday to bring the attention of our readers up again to the subject of the slave trade, and to-day we would present some other aspects of that question. We have no doubt but that *all the obvious evil of slavery is in the want of slaves*; and to the end of showing that this is true, with respect to some of them at least, we address our present article. * * * The labor of our country has been tasked to cover a continually extending territory. The agricultural wants of such a wide domain were enough, and more than enough, for the capacities of all our people, and there have been none to start into collateral pursuits; and in collateral pursuits, therefore, we have been left behind. *But if the slave trade had been permitted to continue*, so that without unnatural effort we could have advanced upon the West, OR IF, WITHOUT A WIDENING WEST, OUR LABOR HAD BEEN LOCALIZED AND FORCED TO WORK UPON ITSELF WITHIN A RESTRICTED SPHERE, there is no room for the slightest question but that, in every branch of improvement, we would

the footsteps of British economists, they are advocates of what is called cheap labor, and yet the ends sought to be attained are widely different. The British manufacturer desires that cotton may be cheap and cloth dear, and the more remote the prices of the raw material and the manufactured commodity, the larger is his profit; but the more rapid must be the advance towards barbarism among those by whom the cotton is supplied. Hence it is, that the people of the Eastern and Western Indies are becoming more enslaved from day to day, although they have been rendered nominally free. Hence, too, it is, that the cooley trade so rapidly extends, and that the domestic slave trade of the United States has grown so greatly in its proportions. — The planter asks that cotton may be high—while desiring that cloth may be cheap; and were he to adopt the measures required for producing that effect, he would grow rapidly in wealth and strength, and his people would become more free. That, however, he does not do. Closing his eyes to the fact, that his wishes and those of the distant manufacturer are directly the opposite of each other, he pursues a policy that prevents the growth of commerce, paralyzes the demand for labor, and destroys the power to purchase cotton. The result is seen in the fact, that whereas, in the natural course of things, the price of raw material should rise, and that of manufactured ones should fall, he is called upon to give, from year to year, a larger quantity of cotton in exchange for a smaller one of the products of the various countries with which his exchanges are required to be made. The silk-grower obtains more money for his cocoons—the wool-grower more for his wool—the miner more for his coal and his ore—the smelter more for his copper and his tin—and yet all of these can purchase with an equal quantity of gold, thrice the quantity of cotton that could have been obtained by their predecessors less than half a century since.

The policy of the planter — and that policy is imposed by him

by this time have equalled any people, and *have led the North beyond the hope of competition.*”—*Charleston Standard.*

The *italics* are those of the journalist. The CAPITALS are those of the present writer, and are used to call the attention of the reader to the fact that the difficulty has been produced in the manner he has described. Had the cotton-mill been brought to the neighborhood of the plantation — had labor been “localized” — and had it been required to work within “a restricted sphere,” agriculture would have become a science, and men would have been becoming from day to day more free.

upon all his fellow-citizens — is that of isolation ; and the solitary man is a slave to nature, and to his fellow-man. The associated man becomes the master of nature, and the equal of his fellow-man. So, too, is it with communities. Those whose policy produces isolation of their people — a necessary consequence of the export of raw products and exhaustion of their soils — become mere instruments in the hands of those who seek to profit at their expense, as is seen in the case of Ireland, India, Mexico, Turkey, Portugal, and every other of the agricultural, and therefore declining, nations of the world. Such, too, is the case with these United States, as is shown in the almost entire absence of the power of self-direction among its people. At one instant, they build mills and furnaces and open mines. At another, such works are closed, and men are forced out, by millions, to the West. At the next, the farmer is ruined, and the sheriff sells his property ; and the cause of all these phenomena—opposed as they are to the existence of a healthy condition of society—is to be found in the fact, that the people of Great Britain have over-traded, and that the day of settlement has arrived — that they have declared war, or have made peace — or that, in some other manner, they have changed their course of operation.

Under such circumstances, no community can attain that individuality — that power of self-government — so essential to the development of the human faculties, to the promotion of the power of association, to the maintenance of commerce, and to the increase of the morality, intelligence, happiness, and freedom of man.

The policy of the American government is directed always to the promotion of the trader's power. Hence it is, that the whole legislation of the country is falling gradually into the hands of trading and transporting companies, and those of traffickers in cotton, cloth, men, and other commodities and things. In that direction lies barbarism ; and hence it is, that the journalist is from year to year more and more called upon to record the existence of appalling facts, to some few of which the attention of the reader has above been called. The remedy is to be found in the adoption of a system looking to raising the prices of the raw produce of the earth—to diminishing those of the commodities required for the use of the farmer and the planter — to

the extension of commerce — and to increase in the value of land and of man.

§ 17. The more the policy of an individual is in harmony with that of his neighbors, the greater is his power of combination with them. The more it is opposed to them, the greater is his tendency towards isolation. This latter is the direction in which now tend the United States. Every advancing country of Europe has adopted the system of Colbert — that system which tends to the approximation of the producer and the consumer -- to the diminution of the proportion of the middleman — and to the elevation of man. Great Britain, Portugal, and Turkey move in an opposite direction ; and hence it is, that they become from year to year more isolated and more weak. The United States follow in the path indicated by that British school of economists to which the world is indebted for the theory of over-population, in virtue of which human slavery follows in the train of a fixed law, emanating from that great and beneficent Being who rules the universe. The teachings of that school lead necessarily to centralization, depopulation, isolation, and growing weakness ; all of which phenomena become from year to year more obvious throughout the Union, and in the relations of the Union with the world. The remedy is to be found in the adoption of a policy in harmony with that of the advancing nations of Europe — a policy that will produce direct intercourse with the consumers of cloth throughout the world* — one not tending to compel the forcing of large supplies of rude products upon a single market, to the injury of the farmers of Germany and of Russia, and of the cotton-producers of India—one tending to the creation of a scientific agriculture, to the increase of production,† and to the elevation of the agriculturist himself—one, in fine, lead-

* Year after year, the planters hold conventions, having for their object the establishment of direct commerce, and their own emancipation from the taxation of New York and Liverpool ; and yet their dependence upon those ports increases from year to year. Place the cotton-mill by the side of the planter, and he will at once be freed from the taxation of which he so much complains.

† The egg crop of France is estimated, in *Rayer's Agricultural Statistics*, at 176,831,110 francs, or more than \$36,000,000 — being one-third as much as the whole cotton crop of almost a dozen Southern States.

ing in the direction of commerce and peace, instead of the one now followed, which is that of trade and war.

§ 18. In science, as the reader has seen, it is the most abstract and simple department that first attains development. So, too, is it in the pursuits of man. Trade and war, abstract and simple, first appear upon the stage. Manufactures, or the mechanical and chemical changes of form, come next. Last of all, agriculture appears; and then it is that we find the farmer requiring the highest degree of culture, and his pursuit becoming the one which most tends to develop the mind, to improve the morals, and to mend the heart. With every stage of progress in that direction, man acquires increased power over nature and over himself—passing from the condition of the wretched animal who wanders over the earth, seeking, almost in vain, supplies of food, to that of the cultivated MAN, who controls the natural forces, and compels them to labor in his service. With each, SOCIETY becomes more and more developed, and man becomes more and more fitted for the maintenance of that COMMERCE with his fellow-man, which is required for fitting him to realize his highest aspirations in this and another world.

Modern political economy looks in a direction entirely the reverse of this—placing agriculture first and lowest in order, manufactures next, and commerce—by which are meant trade and transportation—last and highest. That such should be the case, results necessarily from the fact, that its teachers exclude from consideration all the distinctive qualities of man—limiting themselves to those alone, which he holds in common with the beasts of the field. In their eyes he is, as has already been said, only an animal that will procreate, that must be fed, and that can be forced, by hard necessity, to work. In other and briefer words, he is a slave to his appetites, and fitted to become enslaved by his fellow-man. Hence it is, that all the doctrines of that school tend to the increase of trade and transportation, and that all its teachers so much rejoice in every increase in the necessity for ships, and in the size of cities, though every step in that direction is attended with increase of centralization, always the precursor of slavery and death.

Social science and the political economy of the schools are thus

the precise antipodes of each other. Differing as they do, as to the mode in which society is formed, equally do they differ as to the measures required for promoting the growth of civilization, and for fitting man worthily to fill the high position for which he was, from the first, intended. Such being the case, it has been deemed necessary to study carefully the phenomena presented to our view by the various communities of ancient and modern times, with a view to show, that while all the facts of every country, and of every age, are in exact accordance with the doctrines that here have been propounded, all are equally opposed to those that commonly are taught. One of these systems must be absolutely true, and the other must be as absolutely and universally false. There *can* be no middle ground. On which side lies the truth, the reader will now decide for himself—bearing in mind, while reflecting on the subject, that while the one would establish—as the final result of the action of divine laws—the elevation of all mankind, and the gradual removal of all existing differences between the higher and the lower portions of the human race, the other finds that result in the doctrine of over-population, and in the growing subjection of man to his fellow-man.

Leaving the reader to reflect on these essential differences, we now proceed to the consideration of *the great instrument*, provided by the Creator for facilitating that process of combination, without which the various human faculties must remain undeveloped, and man himself must remain unfitted for association and combination with his fellow-men. The more the diversity thus developed, the greater must, everywhere, be the manifestation of life, and the more must that life “exhibit itself in its utility, its beauty, and its goodness”—society tending more and more to take upon itself its natural form—the harmony of the real and permanent interests of all mankind, becoming more and more obvious at every stage of progress—and the MAN OF POWER, fitted to guide and direct the forces of nature, and to govern himself, tending, more and more, to take the place of that mere slave to nature, and to his fellow-man, which constitutes the subject treated of in the Ricardo-Malthusian books.

CHAPTER XXX.

OF THE INSTRUMENT OF ASSOCIATION.

I. — *Of Money and Price.*

§ 1. THE power of man over matter is limited to effecting changes of place and of form. To enable him to accomplish the first, he needs wagons, horses, ships, and railroads: to do the same by the latter, he requires spades, ploughs, mills, furnaces, and steam-engines. Among men, exchanges of service are to be effected, and for that purpose they seek to obtain the aid of some general medium of circulation.

The machinery of exchange in use among men is, therefore, of three kinds—First, that required for producing changes of place; second, that applied to effecting changes of form; and, lastly, that used for facilitating exchanges of service; and if we now examine the course of proceeding with regard to them, we shall find it to be the same in all—thus obtaining further proof of the universality of the natural laws to whose government man is subject.

In the early periods of society, the obstacles to changes of place are numerous and great. Roads being then but Indian paths, transportation is effected on the shoulders and backs of men, and the value of the commodity at market is but little more than the charge for transportation. The producer of grain then receives, for his share, a very small proportion of the cloth given for it by the weaver, while the latter receives but a small proportion of the wheat given by the cultivator of the earth. Both, therefore, continue poor, while the transporter grows rich, as is shown by the vast wealth accumulated by the Fugger and the Medici—by the Venetian, the Genoese, and other “merchant princes” of the Middle Ages. The real parties to all exchanges being the producers and the consumers, they are led at length to

see how greatly their condition would be improved by diminishing the friction of the machinery, even where they cannot yet be enabled to maintain their commerce free from any charge for intermediate agency.

Population and wealth increasing, the path is gradually converted into a road, which next is paved with stone, but is at length superseded by the railroad; while the slow-going mule is replaced by the rapidly-moving engine. With every step in this direction, we find a diminution in the *proportion* retained by the transporter, and increase in that which is divided between the producer and the consumer. Increased power of association—increased circulation, manifested by a great increase of production and consumption—and increased individuality among the members of the community—are then accompanied by a rapid increase in the power of accumulating the machinery required for further progress.

So, too, in the work of conversion. In the early periods of society, the quantity of labor intervening between the production of grain and the consumption of bread is very great. The producer has to pound his grain between two stones, and a considerable portion of his time is thus occupied, when it would be better employed in increasing the quantity of grain to be ground. By degrees, the grist-mill comes nearer to him, and by its help he saves much time, although it is still far distant from his farm. Population and wealth, however, increasing, he finds a mill established in his immediate neighborhood, and now he exchanges directly with the miller—saving nearly all the time that before he had wasted on the road. He thus gains on every hand—obtaining more flour for less wheat, and economizing labor that may be applied to increasing the quantity of wheat itself.

We have here precisely the same results as those obtained from the improvement of roads, but on a larger scale, because the savings are of a more minute character, and therefore more operative throughout the various portions of society. The miller and the cloth-maker require help, and as their operations are less severe than those of the field, they bring into use the labor of many persons who would otherwise be idle, and render useful many commodities that would otherwise be wasted; and therefore it is that increased power of combination is seen to be so invariably

attended with increase of circulation, increase of production, and of consumption, with rapid increase in the power of accumulation.

In the early periods of society, man has little to exchange, and there are consequently few exchanges. The few that are made are by direct barter—skins being given for knives, clothing, meat, or fish. With the progress of population and wealth, however, all communities have endeavored to facilitate the transfer of property by the adoption of some common standard, by means of which to measure the value of the commodities to be exchanged: and thus cattle were used among the early Greeks; while slaves and cattle, or “living money,” as it was then denominated, were commonly in use among the Anglo-Saxons—wampum among the aborigines of America—codfish among the people of New England—and tobacco among those of Virginia.

Under such circumstances, however, exchanges were tedious of negotiation, and were attended with great waste of labor, consequent upon the difficulty of finding persons who, at one and the same time, stood in need of a commodity, and possessed some other one that the holder of the first was willing to accept in return. Where there is no diversity of employments, and where, consequently, all are farmers or shepherds, all have the same commodities with which they desire to part, and all find it difficult to sell preparatory to making a purchase.—With further progress, we find man, everywhere, to have been engaged in removing this difficulty, and for that purpose adopting successively iron, copper, and bronze, preparatory to obtaining silver and gold, to be used as the machinery for effecting exchanges from hand to hand among the individual members of the society, and between the society itself and other societies.

For such a purpose, the recommendations of those metals are very great. Being scantily diffused throughout the earth, and requiring, therefore, much labor for their collection, they represent a large amount of value—while being themselves of little bulk, and therefore capable of being readily and securely stored, or transported from place to place. Not being liable to rust or damage, they may be preserved uninjured for any length of time, and their quantity is consequently much less liable to variation than is that of wheat or corn, the supply of which is so largely de-

pendent upon the contingencies of the weather, and which cannot, themselves, be preserved for any length of time. Capable of the most minute subdivision, they can be used for the performance of the smallest as well as the largest exchanges; and every reader knows full well how large an amount of commerce is effected by means of coins of one and of three cents that would have to remain uneffected, were there none in use of less value than those of five, six, and ten cents.

To facilitate their use, the various communities of the world are accustomed to have them cut into small pieces and weighed, after which they are so stamped as to enable every one to discern at once how much gold or silver is offered him in exchange for the commodity he has to sell; but the value of the piece is in only a very slight degree due to this process of coinage.* In the early periods of society, all the metals passed in lumps, requiring, of course, to be weighed; and such is now the case with much of the gold that passes between America and Europe. Gold-dust has also to be weighed, and allowance has to be made for the impurities with which the gold itself is connected; but, with this exception, it is of almost precisely the same value with gold passed from the mint and stamped with an eagle, a head of Victoria, or of Nicholas.

§ 2. A proper supply of gold and silver having been obtained, and this having been divided, weighed, and marked, in the manner above referred to, the farmer, the miller, the clothier, and all other members of society, are now enabled to effect exchanges, even to the extent of purchasing for a single cent their share of the labors of thousands and tens of thousands of men employed in making railroads, engines, and cars, and transporting upon them annually hundreds of millions of letters; or, for another cent, their share of the labor of the hundreds, if not thousands, of men who have in various manners contributed to the production of a penny newspaper. The mass of small coin is thus a *saving fund* for labor, because it facilitates association and combination—giving

* The heap of paper in the mill becomes slightly more valuable when it is counted off and tied up in reams; and the heap of cloth is in like manner increased in value when it is measured and tied up in pieces—for the reason, that both can be more readily exchanged. Precisely similar to this is the increase of value resulting from the process of coinage.

utility to billions of millions of minutes that would be wasted, did not a demand exist for them at the moment the power to labor was produced. Labor being the first price given for every thing we value, and being the commodity that all have to offer in exchange, the progress of communities in wealth and influence is in the direct ratio of the presence or absence of an *instant* demand for the forces, physical and mental, of each and every man in the community — resulting from the existence of a power on the part of each and every other man to offer something valuable in exchange for it. It is the only commodity that perishes at the instant of production, and that, if not then put to use, is lost for ever.

The reader of this volume is momentarily producing labor-power, and constantly taking in the fuel by whose consumption it is produced, and that fuel is wasted unless its product be on the instant usefully employed. The most delicate fruits or flowers may be kept for hours or days; but the force resulting from the consumption of food cannot be kept, even for a second. That the instant power of profitable consumption may be coincident with the instant production of this universal commodity, there must be incessant combination, followed by incessant division and subdivision, and that in turn followed by as incessant recomposition. This is seen in the case above referred to, where coal, iron ore, and lead-miners, furnace-men, machine-makers, rag-gatherers, carters, bleachers and makers of bleaching-powders, paper-makers, railroad and canal men, type-makers, compositors, pressmen, authors, editors, publishers, newsboys, and hosts of others, combine their efforts for the production in market of a heap of newspapers that has, at the instant of production, to be divided off into portions suited to the wants of hundreds of thousands of consumers. Each of these latter pays a single cent, and then perhaps subdivides it among half a dozen others, so that the cost to the reader is perhaps no more than a cent per week; and yet each obtains his share of the labors of each and all of the persons by whom it was produced.

Of all the phenomena of society, this process of division, subdivision, composition, and recomposition is the most remarkable; and yet—being a thing of such common occurrence—it scarcely attracts the slightest notice. Were the newspaper above referred

to partitioned off into squares, each of which should represent its portion of the labor of one of the persons who had contributed to the work, it would be found to be resolved into six, eight, or perhaps even ten thousand pieces, of various sizes, small and great — the former representing the men who had mined and smelted the lead and iron ores of which the types and presses had been composed, and the latter representing the men and boys by whom the distribution had been made. Numerous as are these little scraps of human effort, they are, nevertheless, all combined in every single sheet, and every member of the community may — for the trivial sum of fifty cents per annum — enjoy the advantage of the information therein contained ; and as fully as he could do, had it been collected for himself alone.

Improvements in the modes of transportation are advantageous to man, but the service they render, when compared with their cost, is very small. A ship worth forty or fifty thousand dollars cannot effect exchanges between men at opposite sides of the Atlantic, to an extent exceeding five or six thousand tons per annum ; whereas, a furnace of the same cost will effect the transmutation of thirty thousand tons' weight of coal, ore, limestone, food, and clothing, into iron ; and yet the exchanges effected by its aid will not exceed a value of one or two hundred thousand dollars. Let these be compared with the commerce effected, in a year, by the help of fifty thousand dollars' worth of little white pieces representing labor to the extent of three or five cents — labor which by their help is gathered up into a heap, and then divided and subdivided day after day throughout the year — and it will be found that the service rendered to society, in economizing force, by each dollar's worth of money, is greater than is rendered by hundreds, if not thousands, employed in manufactures, or tens of thousands in ships or railroads ; and yet there are able writers who tell us that the money which circulates throughout a country is so much "dead capital," and that is "an important portion of the capital of a country that produces nothing for the country."

"Money, as money," says an eminent economist, "satisfies no want, answers no purpose. * The difference between a country with money, and a country altogether without it, would," as he thinks, "be only one of convenience, like grinding by water instead

of by hand.”* A ship, as a ship—a road, as a road—a cotton-mill, as a cotton-mill—in like manner, however, “satisfies no want, answers no purpose.” They can be neither eaten, drunk, nor worn. All, however, are instruments for facilitating the work of association, and the growth of man in wealth and power is in the direct ratio of the facility of combination with his fellow-men. To what extent they do so, when compared with money, we may now inquire. To that end, let us suppose that by some sudden convulsion of nature all the ships of the world were at once annihilated, and see what would be the effect. The ship-owners would lose heavily; the sailors and the porters would have less employment; and the price of wheat would temporarily fall; while that of cloth would, for the moment, rise. At the close of a single year, by far the larger portion of the operations of society would be found moving precisely as they had done before—commerce at home having taken the place of that abroad. Cotton and tropical fruits would be less easily obtained in northern climes, and ice might be more scarce in southern ones; but, in regard to the chief exchanges of a society like that of the United States, France, or Germany, there would be no suspension, even for a single instant. So far, indeed, would it be to the contrary, that in many countries commerce would be far more active than it had been before—the loss of ships producing a demand for the opening of mines, for the construction of furnaces and engines, and for the building of mills, that would make a market for labor, mental and physical, such as had never before been known.

Let us next suppose that the ships had been spared, and that all the gold and silver, coined and not coined, mined and not mined, were annihilated, and look at the effect that would be produced. The reader of newspapers—finding himself unable to pay for them in beef or butter, cloth or iron—would be compelled to dispense with his usual supply of intelligence, and the journal would be no longer printed. Omnibuses would cease to run, for want of sixpences; and places of amusement would be closed, for want of shillings. Commerce among men would be at an end, except so far as it might be found possible to effect direct exchanges—food being given for labor, or wool for cloth. Such exchanges could, however, be few in number, and men, women,

* J. S. MILL: *Principles of Political Economy*, vol. i. p. 7.

and children would perish by millions, because of inability to obtain food and clothing in exchange for service. Cities like New York and Philadelphia, Boston and Baltimore, whose population now counts by hundreds of thousands, would, before the close of a single year, exhibit hundreds of blocks of unoccupied buildings, and the grass would grow in their streets. A substitute might, it is true, be found — men returning to the usages of those primitive times when wheat or iron, tobacco or copper, constituted the medium of exchange; but under such circumstances, society, as at present constituted, could have no existence. A pound of iron would be required to pay for a *Tribune*, or a *Herald*, and hundreds of tons of any of the commodities above referred to, would be needed for the purchase of the weekly emission of either one. Tons of them would be needed to pay for the food consumed in a single eating-house, or the amusement furnished in a single theatre; and how the wheat, the iron, the corn, or the copper, could be fairly divided among the people who had contributed to the production of the journal, the food, or the amusement, would be a question entirely incapable of solution.

The precious metals are to the social body what atmospheric air is to the physical one. Both supply the machinery of circulation, and the resolution of the physical body into its elements when deprived of the one is not more certain than is the resolution of the social body when deprived of the other. In both these bodies the amount of force is dependent upon the rapidity of circulation. That it may be rapid, there must be a full supply of the machinery by means of which it is to be effected; and yet there are distinguished writers who mourn over the cost of maintaining the currency, as if it were altogether lost, while expatiating on the advantages of canals and railroads — not perceiving, apparently, that, while the operations of all are identical in character—the removal of obstacles intervening between the producer and the consumer — the money that can be carried in a bag, and that scarcely loses in weight with a service of half a dozen years, effects more exchanges than could be effected by a fleet of ships, many of which would, at the close of such a period of service, be rotting on the shores on which they had been stranded, while the

remainder would already have lost one-half of their original value.*

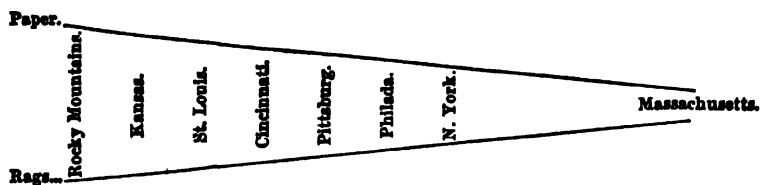
Of all the labor-saving machinery in use among men, there is none that so much economizes human power, and so much facilitates combination, as that which is known by the name of money. Wealth, or the power of man to command the services of nature, grows with every increase in the facility of combination; and this latter grows with the growth of the ability to command the aid of the precious metals. Wealth, then, should increase most rapidly where that ability is most complete.

§ 3. The power of a commodity to command money in exchange is called its PRICE. Prices fluctuate with changes of time and place—wheat being sometimes low, and at others high—and cotton commanding in one country thrice the quantity of silver that would be given for it in another. In one place, much money is required to be given for a little cloth; whereas, in another, much cloth may be obtained for little money. What are the causes of all these differences, and what are the circumstances which tend to affect prices generally, we may now inquire.

A thousand tons of rags at the Rocky Mountains would not exchange for a piece of silver of the smallest conceivable size; whereas, a quire of paper would command a piece so large that it would weigh an ounce. Passing thence eastward, and arriving in the plains of Kansas, their relative values, measured in silver, would be found so much to have changed, that the price of the rags would pay for many reams of the paper. Coming to St. Louis, a further change would be experienced—rags having again risen, and paper having again fallen. Such, too, would prove to be the case at every stage of the progress eastward—the raw material steadily gaining, and the finished commodity losing, in price, until, at length, in the heart of Massachusetts, three pounds of rags would be found to command more silver than would be needed for the purchase of a pound of the paper that could be made from

* A three-cent piece, changing hands ten times in a day, effects exchanges in a year to the extent of \$100; or, if we take both sides of the exchanges, to that of \$200. Two thousand such pieces—costing \$60—engaged in circulating bread at home, are capable of maintaining a greater amount of commerce than can be maintained by a ship that has cost \$80,000, engaged in effecting exchanges between the producers of cloth in Manchester and tea in China.

them. The changes of relation thus observed are exhibited in the following diagram :—



The price of raw materials tends to rise as we approach those places in which wealth most exists — those in which man is most enabled to associate with his fellow-man, for obtaining power to direct the forces of nature to his service. The prices of finished commodities move in a direction exactly opposite — tending always to decline as those of raw materials advance. Both tend thus to approximate — the highest prices of the one being always found in connection with the lowest of the other ; and in the strength of the movement in that direction will be found the most conclusive evidence of advancing civilization and growing commerce.

That all the facts are in entire accordance with this view, will be obvious to the reader when he remarks that cotton is low in price at the plantation, and high in Manchester or Lowell ; whereas, cloth is cheaper in Lowell than it is in Alabama or Louisiana. Corn, in Illinois, is frequently so cheap that a bushel of it is given in exchange for the silver required to pay for a yard of the coarsest cotton cloth ; whereas, at Manchester, it is so dear that it pays for a dozen yards. The English farmer profits doubly — obtaining much cloth for his corn, while increasing the quantity of the latter by help of the manure that is furnished by his competitor of the West. The latter loses doubly — giving much corn for little cloth, and adding thereto the manure yielded by the consumption of his corn, to the loss of which is due the unceasing diminution of the powers of his land.

Looking backward in time, we obtain results precisely similar to those obtained in passing from countries in which associated men are found, and in which, consequently, wealth abounds, to those in which they are widely scattered, and in which they are, therefore, weak and poor. At the close of the fifteenth century, eight ecclesiastics, attending the funeral of Anne of Brittany, were

royally entertained at a cost of 3·13 francs, of money of our time ; while the silk that was used on that occasion is charged at 25 francs.* The same quantity of silk could now be purchased for less than a franc and a half — a sum that would be entirely insufficient to pay for a single dinner. The owner of four quires of paper could then obtain for it more money than was required for the purchase of a hog, and less than two reams were needed for the purchase of a bull.† In England, the facts are seen to have been precisely similar. Hogs, sheep, and corn were low in price, and were exported, while cloth was high, and was therefore imported from distant lands. Coming down to a more recent period, the early portion of the last century, we find that corn and wool were cheap, while cloth and iron were dear ; whereas, at the close of the same century, the former were becoming dearer from day to day, while the latter were as regularly becoming cheaper.

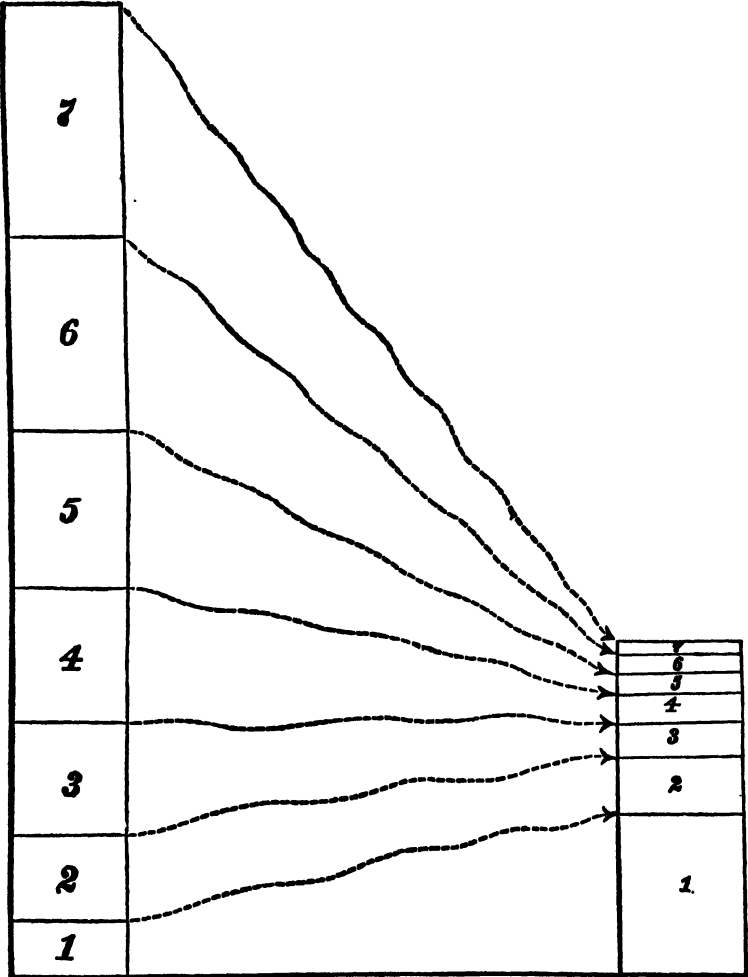
§ 4. Raw material tends, with the progress of men in wealth and civilization, to rise in price. What, however, is raw material? In answer to this question, we may say, that all the products of the earth are, in their turn, finished commodity and raw material. Coal and ore are the finished commodity of the miner, and yet they are only the raw material of which pig iron is made. The latter is the finished commodity of the smelter, and yet it is but the raw material of the puddler, and of him who rolls the bar. The bar, again, is the raw material of sheet iron, and that, in turn, becomes the raw material of the nail and the spike. These, in time, become the raw material of the house, in the diminished cost of which are found concentrated all the changes that have been observed in the various stages of passage from the rude ore — lying useless in the earth — to the nail and the spike, the hammer and the saw, required for the completion of a modern dwelling.

The changes thus indicated will be found exhibited, although very imperfectly, in the following diagram, in which the several divisions represent—

- | | |
|------------------------|---------------------------|
| 1. Land and labor ; | 5. Sheet iron ; |
| 2. Coal and iron ore ; | 6. Nails and spikes ; and |
| 3. Pig iron ; | 7. The dwelling. |
| 4. Bar iron ; | |

* LEBER: *Fortune Privée du Moyen Age*, p 81.

† Ibid. p. 50.



In the early and barbarous ages of society, land and labor are very low in price, and the richest deposits of coal and ore are worthless. Houses are then obtained with such exceeding difficulty, that men are forced to depend for shelter against wind and rain upon holes and caves they find existing in the earth. In time, they are enabled to combine their efforts; and with every step in the course of progress, the land and the labor acquire power to command money in exchange, while the house loses it. As the services of fuel are more readily commanded, pig iron is more

easily obtained. Both, in turn, facilitate the making of bars and sheets, nails and spikes, and all of these facilitate the creation of boats, ships, and houses; but each and every of these improvements tends to increase the prices of the original raw materials—land and labor. At no period in the history of the world has the general price of these latter been so high as in the present one; at none would the same quantity of money have purchased so staunch a boat, so fleet a ship, or so comfortable a house. Great as is the change indicated by the diagram, it is not equal to even a tithe of what has actually taken place.

The more finished a commodity, the greater is the tendency to a fall of price; and for the reason, that all the economies of labor of the earlier processes are accumulated together in the later ones. Houses, thus, profit by all improvements in the making of bricks, in the quarrying of stone, in the conversion of lumber, and in the working of the metals. So, too, is it with articles of clothing—every improvement in the various processes of spinning, weaving, and dyeing, and in the conversion of clothing into garments, being found gathered together in the coat; and the more numerous those improvements, the lower will be its price, while the higher will be that of the land and labor to which the wool is due.

§ 5. The views thus far presented in reference to the circumstances that influence prices, may now be embodied in the following propositions:—

Man seeks association with his fellow-men. It is his first and greatest need.

That he may associate, there must be that development of individuality which results from diversity of employments—the artisan taking his place by the side of the planter and the farmer, and exchanging services with them.

That such exchanges may readily be made, there is needed an instrument which shall be small in bulk—easily preserved—capable of almost infinite division and subdivision—readily convertible into various commodities required for the purposes of man—and, for all these reasons, universally acceptable.

That that instrument is furnished by Providence in the two metals, gold and silver—each of them possessing all the qualities that are above described.

That the more abundant the supply of those metals, the more *instant* become the exchanges of society, the greater is the economy of mental and physical force, and the greater the power to produce commodities to be given in exchange for further supplies of these great instruments of association and combination.

That the countries which furnish them to the world are distant from those which produce cotton and corn, lead and iron.

That the obstacle to exchanges between the countries that do, and those which do not, produce them, results from the necessity for effecting changes of place ; and that it exists in the ratio of the difficulty of transferring the things required to be exchanged.

That land and labor are the things least susceptible of being changed in place ; and that they are always, in the early ages of society, very low in price.

That the most highly finished commodities—as more susceptible of being transported—are, in those ages, very high in price.

That, with the increase of population and of wealth, and with the growing diversity of employments, the bulk of commodities is diminished—the corn and the wool being combined in the form of cloth, and thus enabled readily to travel to the gold-and-silver-producing countries of the world.

That, with every such change in the form of the rude products of the earth, international exchange is facilitated ; and that, with the growth of domestic and foreign commerce, there is a tendency to equality of price—that of the highly finished commodity falling, while those of the rude products of the earth as steadily tend to rise ; and that the rise is greatest as we approach most nearly to the ultimate raw material of all commodities—land and labor.

That this approximation of prices is a consequence of increased facility of combination, which is, itself, a consequence of increased ability to command the services of the great instrument of association ; and that, with every stage of progress in that direction, there is a tendency to equality of power, among the various members of a community, to obtain the commodities and things required for the maintenance and improvement of their physical, moral, and mental powers, with daily augmentation of their ability to command the aid of the great natural forces placed at their service by a bounteous Providence.

That the greater that ability, the greater must be the tendency

towards increase in the price of land and labor, and of the rude products of both — towards an equality in the prices of the more and the less finished commodities — and towards an approximation in the character of the books, clothing, furniture, and dwellings of the various portions of society; and the greater the power to maintain commerce between those countries which do, and those which do not, yield the metals which constitute the raw material of money.

For proof of the truth of these propositions, the reader may look to any of the advancing communities of the world. In the days when the French peasant would have been required to give an ox for a ream and a half of paper, wine was much higher than it is at present — peaches were entirely unattainable — the finer vegetables now in use were utterly unknown — a piece of refined sugar, or a cup of tea or coffee, were luxuries fit for kings alone — and an ell of Dutch linen exchanged for the equivalent of 60 francs = \$11.25.* Now, the price of meat has wonderfully increased, and the farm-laborer is better paid; and the consequences are seen in the fact, that with the price of an ox the farmer can purchase better wine than then was drunk by kings — that he can obtain not only paper, but books and newspapers — that he can eat apricots and peaches — that sugar, tea, and coffee have become necessities of life — and that he can have a supply of linen that would, in the earlier times, have almost sufficed for the entire household of a nobleman. Such are the results of an increase in the facility of association and combination among men; and if we now desire to find the instrument to which they are most indebted for the power to combine their efforts, we must look for it in that to which we have given the name of money. Such being the case, it becomes important that we should ascertain what are the circumstances under which the power to command the use of that instrument increases, and what are those under which it declines.

* LIEBER: *Fortune Privée du Moyen Age*, p. 82.

CHAPTER XXXI.

THE SAME SUBJECT CONTINUED.

II. — *Of the Supply of Money.*

§ 1. To acquire dominion over the various natural forces provided for his use, is both the pleasure and the duty of man; and the greater the amount acquired, the lighter becomes his labor and the greater is the tendency to increase of power. With each addition thereto, there is a diminution of the resistance to his further efforts; and hence it is, that each successive discovery is seen to be but the precursor of newer and greater ones. Franklin's lightning-rod was but the preparation for the telegraph-wires that connect our cities; and they, in turn, were but the precursors of those which are destined soon to enable every man in the Union to read, at his breakfast-table, an account of the occurrences of the previous day in each and all of the countries of Europe, Asia, and Australia. Each successive year thus augments the power of man, and with every new discovery utility is given to forces that now are being wasted. The more they are utilized — the more nature is required to labor in the service of man — the less is the quantity of human effort required for the *reproduction* of the commodities needed for his comfort, convenience, or enjoyment — the less is the value of all previous accumulations — and the greater is the tendency towards giving to the labor of the present power over the capital created by the labors of the past.

Utility is the measure of man's power over nature. The greater it is, the larger is the demand for the commodity, or thing, that is utilized, and the greater is the attractive force exerted upon it, wherever found. Look where we may, we shall see that every raw material yielded by the earth to man tends towards those places at which it has the highest utility, and that there it

is the value of the finished article will be found to be the least.* Wheat tends towards the grist-mill, and there it is that flour is cheapest. Cotton and wool tend towards the mills at which they are to be spun and woven, and there it is that the smallest quantity of money will purchase a yard of cloth.† Caoutchouc tends towards those places at which India-rubber shoes are made, and there it is such shoes are cheapest. On the other hand, it is where cotton has the least utility—on the plantation—that cloth has the highest value. Therefore it is, that we see communities so universally prospering when the spindle and the loom are brought to the neighborhood of the plough and the harrow, to utilize their products.

Precisely similar to this are the facts observed in regard to the precious metals, everywhere on the earth's surface seen to be tending towards those places at which they have the highest utility—those at which men are most able to combine their efforts for rendering available all the raw products of the earth—those in which land most rapidly acquires a money value, or price—those, consequently, in which the value of those metals, as compared with land, most rapidly diminishes—and those in which the charge for the use of money is lowest. They tend to leave those places in which their utility is small, and in which combination of action least exists—those, therefore, in which the price of land is low, and the rate of interest high.—In the first, there is a daily tendency towards increase in the freedom of man; whereas, in the last, the tendency is in the opposite direction—towards the subjugation of man to the control of those who live by the expenditure of taxes, rent, and interest on money lent. If we desire evidence of this, we have but to look around us at the present moment, and see how oppressively rent and interest operate upon the poorer portions of society—how numerous are the applications for the smallest office—and, above all, how great has been the increase of pau-

* Value is the measure of the obstacle interposed by nature to the gratification of the wishes of man.

† Centralization in England and elsewhere produces an unnatural distribution of the proceeds of labor—giving much to the few, and leaving little to the many—much to the land-holder and mill-owner, and little to the workman. This distribution is productive of inequality, and is a result of interference with natural laws whose tendency is towards equality. Taking the total quantity of food returned to the labor of an Englishman, it will be found to be the equivalent of at least ten times as much cloth as is returned to the labor of an individual in Illinois or Wisconsin.

perism in the past three years, in which our exports of specie have been so large.

Looking to Mexico or Peru, to California or Siberia, we see but very little of that combination of action required for giving utility to their metallic products — little value in land — and interest on money at higher rates than in any other organized communities of the world. Following those products, we see them passing gradually through our Western States towards the cities of the Atlantic; or through Russia to St. Petersburg — every step of their progress being towards those States, or countries, in which they have the highest utility — those in which combination of action most exists, and in which, therefore, man is daily acquiring power over the various forces of nature, and compelling her more and more to aid him in his efforts for the attainment of further power.

§ 2. For more than a century, Great Britain constituted the reservoir into which was discharged the major part of the gold and silver produced throughout the world. There it was that the artisan and the farmer were most nearly brought together — the power of association most existed — the ultimate raw materials of commodities, land and labor, were most utilized — and the consumption, in the arts, of gold and silver, was the greatest.* Now, the state of things is widely different. From year to year, the land of the United Kingdom has become more consolidated — the little proprietor having been superseded by the great middleman farmer, and the mere day-laborer; and the result is seen in the fact, that Great Britain has passed from being a place at which commodities are produced to be given in exchange for the produce of other lands, to being a mere place of exchange for the people of those lands.† With each successive year, there is a decline in the proportion borne to the whole population by the producing classes, and an increase in that borne by the non-producing ones,‡ with corresponding diminution in the power to retain the products of the mines of Peru and Mexico.

* Thirty years since, the annual consumption of the precious metals in Great Britain was estimated at £2,500,000, or \$12,000,000

† See *ante*, p. 82.

‡ See vol. i. p. 435.

The gold of California does not, as we know, to any material extent, remain among the people of these United States. Touching their Atlantic coast, only to be transferred to steamers that bear it off to Britain, it there meets the product of the Australian mines — the two combined amounting to more than a hundred millions of dollars a year. Both come there, however, merely in transit — being destined ultimately to the payment of the people of Continental Europe, who have supplied raw products that have been converted and exported, or finished ones that have been consumed. Much of it goes, necessarily, to France; and for the reason, that France now sells of her products to Britain nearly 350,000,000 of francs, while importing from her but about 150,000,000. This gold, too, is entitled to remain in France, because of the vast difference between the French and English systems — the former being almost wholly based upon the idea of exporting the products of French labor, while the foundation of the latter rests upon the idea of buying foreign food and other raw materials, changing their forms, and then re-exporting them.

The intercourse of France with the rest of the world is rapidly increasing — her exports having grown, in the short period of twenty years, from 500,000,000 francs to 1,400,000,000, and having steadily maintained their commercial character.* Manufactures are there the *handmaids* of agriculture; whereas, in the United Kingdom, they are, with each successive year, becoming more and more the *substitutes* for it. To a small quantity of cotton, silk, and other raw products of distant lands, France adds a large amount of the produce of her farms — thus entitling herself not only to receive, but to retain for her own uses and purposes, nearly all the commodities — gold and silver included — that come to her from distant lands. Her position is that of the rich and enlightened farmer, who sells his productions in their highest form — thus qualifying himself for applying to the support of his family, the education of his children, and the improvement of his land, *the whole of the commodities received by him in exchange*. That of Great Britain is the position of the trader, who passes through his hands a large amount of property, of which he is entitled to retain *the amount of his commission, and*

* See *ante*, p. 90.

nothing more. The one has an immense and wonderfully growing commerce, while the other performs a vast amount of trade.

§ 3. The precious metals are steadily flowing to the north and east of Europe, and among the largest of their recipients we find Northern Germany, now so rapidly advancing in wealth, power, and civilization. Denmark and Sweden, Austria and Belgium—following in the lead of France, in the maintenance of the policy of Colbert—are moving in the same direction; and the consequences are seen in a growing habit of association, attended with daily augmentation of the amount of production, and of the facility of accumulation; as exhibited in the building of mills, the opening of mines, the construction of roads, and the constantly augmenting power to command the services of the precious metals.

The causes of these phenomena are readily explained. Raw materials of every kind tend towards those places at which employments are most diversified, because there it is that the products of the farm command the largest quantity of money. Gold and silver follow in the train of raw materials; and for the reason, that where the farmer and the artisan are most enabled to combine, finished commodities—those whose production has required the greatest development of mind—are always cheapest. When Germany exported corn and wool, those commodities were cheap, and she was required to export her gold to aid in paying for the cloth and paper that she imported; because they were very dear. Now, she imports both wool and rags; her farmers obtain high prices for their products, and are enriched; and the gold of the world comes to her, because cloth and paper are so cheap that she sends them to the most distant quarters of the world. So is it with France, Belgium, Sweden, and Denmark—all of which are large importers of raw materials, and of gold. Russia diminishes her export of corn, and is therefore enabled to retain at home the produce of her mines, and to limit greatly the necessity for forcing her wool upon the market of the world. In all of those countries, raw materials rise in price; *and the greater the tendency to rise, the more rapidly must the current of the precious metals set in that direction.* The country that desires to increase its supplies of gold, and thus lower the price of money, is, therefore, required to pursue that course of policy which tends

most to raise the prices of raw material, and lower those of manufactures. This, however, is directly the opposite of the policy advocated by the British school, which seeks in the cheapening of all the raw material of manufactures, the means of advancing civilization.

§ 4. The reverse of this is found in Ireland, Turkey, and Portugal, so long the close allies of England — and so uniformly following in the course of policy now advocated by her economists. From each and all of them there has been an unceasing drain of money, and the disappearance of the precious metals has been followed by decline in the productiveness of land, in the prices of commodities, in the value of land, and in the power of man.

France, in the decade prior to the conclusion of the Eden treaty of 1786, was advancing in both manufactures and commerce with great rapidity, as is shown conclusively in M. de Tocqueville's recent work.* Raw materials and the precious metals flowing in, and manufactured goods flowing out, the result was seen in a daily increasing tendency towards the division of land, the improvement of agriculture, and the increase of human freedom. From the date of that treaty, however, all was changed. Manufactures flowed in, and gold flowed out, with daily decline in the power of association, in the wages of labor, and in the value of land. Universal distress producing a demand for change of policy, its effect

* "Simultaneously with these changes in the mind of governed and governors, public prosperity began to develop with unexampled strides. This is shown by all sorts of evidence. Population increased rapidly; wealth more rapidly still. The American war did not check the movement: it completed the embarrassment of the state, but did not impede private enterprise; individuals grew more industrious, more inventive, richer than ever.

"An official of the time states that, in 1774, 'industrial progress had been so rapid that the amount of taxable articles had largely increased.' On comparing the various contracts made between the state and the companies to which the taxes were farmed out, at different periods during the reign of Louis XVI., one perceives that the yield was increasing with astonishing rapidity. The lease of 1786 yielded fourteen millions more than that of 1780. Necker, in his report of 1781, estimated that 'the produce of taxes on articles of consumption increased at the rate of two millions a year.'

"Arthur Young states that in 1788 the commerce of Bordeaux was greater than that of Liverpool, and adds, that 'of late years maritime trade has made more progress in France than in England: the whole trade of France has doubled in the last twenty years.'" — DE TOCQUEVILLE: *The Old Regime and the Revolution*, p. 210.

was seen in the calling together of the States-General, whose appearance on the stage, for the first time in a hundred and eighty years, was so soon to be followed by a revolution that sent to the guillotine the most of those by whom the affairs of the country had been directed.

Looking to Spain, we see the poverty of that country to have steadily increased from the hour when, by expelling her manufacturing population, she rendered herself dependent upon the workshops of other countries. Mistress of Mexico and Peru, she acted merely as the conduit through which their wealth passed to the advancing countries of the world, as is now the case with Great Britain and the United States.

Turning now to Mexico, we see her to have been declining steadily in power from the day on which she obtained her independence; and for the reason, that from that date her manufactures began to disappear. * From year to year, she becomes more and more dependent upon the trader, and more and more compelled to export her commodities in their rudest state—as a necessary consequence of which her power to retain the produce of her mines is constantly diminishing.

Passing into Asia, we find in India a country from which manufactures have gradually disappeared. Cotton now goes forth to markets that formerly looked to Hindostan for supplies of cloth; and here, as everywhere, we find the exportation of the precious metals keeping pace with the decline of agriculture and the impoverishment of the people.*

§ 5. The facts thus far presented for the reader's consideration may now be embodied in the following propositions:—

Raw materials tend *towards* those countries in which employments are most diversified—in which the power of association most exists—and in which land and labor tend most to rise in price.

The precious metals tend *towards* the same countries; and for the reason, that there it is that finished commodities are least in price.

* See *etc.*, vol. i. p. 346. Quite recently, there has been a large export of silver to India; and for the reason, that the government—preferring to collect its taxes in the most expensive commodity—has prohibited the circulation of gold.

The greater the attractive force exerted upon those raw materials and this gold, the more does agriculture tend to become a science — the larger are the returns to agricultural labor — the more steady and regular becomes the motion of society—the more rapid is the development of the powers of the land, and of the men by whom it is occupied — the larger is the commerce — and the greater the progress towards happiness, wealth, and power.

Raw materials tend *from* those countries in which employments are least diversified — those in which the power of combination least exists—and those, consequently, in which land and labor are least in price.

The precious metals, too, tend to leave those countries, because there it is that finished commodities are dearest.

The greater the expulsive force that is thus exhibited, the slower is the circulation of society, and the smaller is the amount of commerce — the more rapid is the exhaustion of the soil — the lower is the condition of agriculture—the less is the return to the labors of the field—the lower are the prices of the products of the farm — the less is the regularity of the motion of society — the greater is the power of the trader — and the stronger is the tendency towards pauperism and crime among the people, and towards weakness in the government.

The portions of the world *from* which the precious metals flow, in which agriculture declines, and men become less free, are those which follow in the lead of England — preferring the supremacy of trade to the extension of commerce — Ireland, Turkey, Portugal, India, Carolina, and other exclusively agricultural countries.

The portions *towards* which they flow are those which follow in the lead of France — preferring the extension of commerce to the enlargement of the trader's power. Germany and Denmark, Sweden and New England, are in this position. In all of them agriculture becomes more and more a science as employments become more and more diversified — the returns to agricultural labor increasing as the prices of raw materials tend to rise.

In all the countries *to* which they flow, the prices of raw materials and those of finished commodities tend to approximate—the farmer giving a steadily diminishing quantity of wool and corn in return for a constant quantity of cloth and iron.

In those *from* which they flow, those prices become from year

to year more widely separated—the farmer and the planter giving a steadily increasing quantity of wool and corn for a diminishing quantity of iron, or of cloth.

Such are the facts presented by the history of the world, exterior to the United States, of both the present and the past. How far they are in accordance with those here observed, we may now inquire.

§ 6. The mining communities of the world having raw products to sell, and needing to purchase finished commodities, the gold and silver they produce flow naturally to those countries that have such commodities to sell; and they do not flow towards those which have only raw materials to offer in exchange. India has cotton to sell; Ireland and Turkey have grain; Brazil has sugar and coffee; while Alabama has only cotton; for which reason it is, that money is always scarce in those countries, and the rate of interest high. Looking at the United States generally, we find that whenever their policy has tended towards the production of combination of action between the farmer and the artisan, they have been importers of the precious metals, and that then land and labor have tended to rise in price. The contrary effect has invariably been produced whenever their policy has tended to the diminution of association, and the production of a necessity for looking abroad for making all their exchanges of food and wool for cloth and iron—limited, however, for the period immediately following the change, by the existence of a credit that has enabled them to run in debt to Europe, and thus for a time to arrest the export of the precious metals. What was the precise course of the trade in those metals during the thirty years preceding the discovery of the Californian gold deposits, is shown by the following figures:—

	Excess exports.	Excess imports.
1821—1825	\$12,500,000	.....
1826—1829 .....	.....	\$4,000,000
1830—1834 .....	.....	20,000,000
1835—1838 .....	.....	34,000,000
1839—1842	9,000,000	.....
1843—1847 .....	.....	39,000,000
1848—1850	14,000,000	.....

We see, here, that in the closing years of the free-trade system of 1817, the average excess of specie export was about \$2,500,000 a year. If to this be added a similar amount, only, for the annual consumption, we obtain an absolute diminution of five-and-twenty millions, while the population had increased about ten per cent. Under such circumstances, it is no matter of surprise that those years are conspicuous among the most calamitous ones in their history. At Pittsburg, flour then sold at \$1.25 per barrel; wheat, throughout Ohio, would command but 20 cents a bushel; while a ton of bar iron required little short of eighty barrels of flour to pay for it. Such was the state of affairs that produced the tariff of 1824—a very imperfect measure of protection, but one that, imperfect as it was, changed the course of the current, and caused a *net* import, in the four years that followed, of \$4,000,000 of the precious metals—being perhaps about as much as was required for the consumption. Under these circumstances, but little improvement could be expected. In 1828, there was enacted the first tariff tending directly to the promotion of association throughout the country; and its effects are, as we see, exhibited in an excess import of the precious metals—averaging \$4,000,000 a year—notwithstanding the discharge in that period of the whole of the national debt that had been held in Europe—amounting to many millions. Putting together the discharge of debt and the import of coin, the balance of trade in that period must have been in their favor to the extent of nearly \$50,000,000; or an average of about \$10,000,000 a year. As a consequence, prosperity existed to an extent never before known—the power to purchase foreign commodities, growing with such rapidity as to render it necessary greatly to enlarge the free list; and then it was that coffee, tea, and many other raw commodities, were emancipated from the payment of any impost. Thus did efficient protection lead to a freedom of commerce, abroad and at home, such as had never before existed.

The first few years of the Compromise tariff of 1833 profited largely by the prosperity that had resulted from the existence of the act of 1828, and the reductions under it were then so small that its operation was but slightly felt. In those years, too, there was contracted a considerable foreign debt—stopping the export of specie, and producing an excess import averaging more than

\$8,000,000 a year. Prosperity *seemed* to exist, but it was of the same description that has marked the last few years, during which the value of all property has depended entirely upon the power to contract debts abroad — thus placing the nation more completely under the control of its distant creditors.

In the succeeding years, the Compromise tariff became more fully operative.* Furnaces and factories were everywhere closed, with constantly increasing necessity for looking abroad for the performance of all exchanges, and corresponding necessity for remitting money to pay the balance due on the purchases of the years that had passed. Nevertheless, the annual specie export averaged little more than \$2,000,000; but if to this be added a consumption of only \$3,000,000 a year, we have a reduction of \$20,000,000, the consequences of which were seen in an almost total suspension of the societary circulation. The whole country was in a state of ruin. Laborers were everywhere out of employment, and being still consumers while producing nothing, it followed that the power of accumulation ceased almost to exist. Debtors being everywhere at the mercy of creditors, sales of real estate were chiefly accomplished by help of officers of the law, whose employments were then more productive than they had ever been from the date of the establishment of the Constitution.

The change in the value of labor, consequent upon the stoppage of the circulation that followed this trivial export of the precious metals, cannot be placed at less than \$500,000,000 a year. Wages were low, even where employment could be obtained; but a large portion of the labor-power of the country was totally wasted, and the demand for mental power diminished even more rapidly than that for physical exertion. In the prices of land, houses, machinery of all kinds, and other similar property, the reduction counted by thousands of millions of dollars; and yet, the difference between the two periods ending in 1833 and 1842, in regard to the monetary movement, was only that between an excess import of \$5,000,000, and an excess export of \$2,500,000, or a total of \$7,500,000 a year. No one who studies these facts, can fail to be struck with the wonderful power

* One-tenth of the excess over 20 per cent. was reduced in December, 1833, another tenth in 1835, a third in 1837, and a fourth in 1839 — the remaining excess of duties being then equally divided into two parts, to be reduced in 1841 and 1842.

over the fortunes and conditions of men exerted by the metals provided by the Creator for furthering the work of association among mankind. With the small excess of import in the first period, there was a steady tendency towards equality of condition among the poor and the rich, the debtor and the creditor; whereas with the slight excess of export in the second one, there was a daily increasing tendency towards inequality—the poor laborer, and the debtor, passing steadily more under the control of the rich employer, and the wealthy creditor. Of all the machinery furnished for the use of man, there is none so equalizing in its tendency as that known by the name of money; and yet political economists would have the world believe that the agreeable feeling which everywhere attends a knowledge that it is flowing in, is evidence of ignorance; and that any reference to the question of the favorable or unfavorable balance of trade, is beneath the dignity of men who feel that they are following in the footsteps of Hume and Adam Smith. It would, however, be as difficult to find a single prosperous country in the world that is not, from year to year, making itself *a better customer to the gold-producing countries*, as it would be to find any such nation in Europe that is not becoming, from year to year, a better customer to those which produce silk, or cotton. To be an improving customer, there must be in its favor a steadily increasing balance of trade, to be settled by payment in the commodity for whose production the country is fitted, whether that be cloth or tobacco, silver or gold.

The condition of the nation at the date of the passage of the act of 1842, was humiliating in the extreme. The Treasury—unable to obtain at home the means required for administering the government, even on the most economical scale—had failed in all its efforts to negotiate a loan at 6 per cent., even in the same foreign markets in which it had but recently paid off, at par, a debt bearing an interest of only 3 per cent. Many of the States, and some even of the oldest of them, had been forced to suspend the payment of interest on their debts. The banks, to a great extent, were in a state of suspension, and those which professed to redeem their notes found their business greatly restricted by the increasing demand for coin to go abroad. Throughout a large portion of the country, the use of either gold or silver as currency had altogether ceased. The Federal government, but recently so

rich, was driven to the use of inconvertible paper money in all its transactions with the people. Of the merchants, a large portion had become bankrupt. Factories and furnaces were everywhere closed, and hundreds of thousands of persons were totally unemployed. Commerce had scarcely an existence, for those who could not sell their labor were unable to purchase the produce of the labor of others. Nevertheless, deep as was the abyss into which the nation had been plunged, so magical was the effect of the adoption of a system that turned the balance of trade in its favor, that scarcely had the act of August, 1842, become a law, when the government found that it could have all its wants at once supplied at home. Mills, factories, and furnaces, long closed, were again opened; labor came again into demand; and, before the close of the third year of its existence, prosperity almost universal reigned. States recommenced the payment of interest on their debts. Railroads and canals again paid dividends. Real estate had doubled in value, and mortgages had been everywhere lightened; and yet the total net import of specie in the first four of the years of that system was but \$17,000,000, or \$4,250,000 per annum! In the last of those years occurred the Irish famine—creating a great demand for food from this country, the consequence of which was an import of no less than \$22,000,000 of gold—making the total import in the five years, as above stated, \$39,000,000. Deducting from this but \$4,000,000 per annum for the consumption, it will leave an average increase, for the purposes of circulation, of less than \$5,000,000; and yet the difference in the prices of labor and land in 1847, as compared with 1842, would be lowly estimated if placed at only \$2,000,000,000.

With 1847, however, there came another change of policy, and the nation was anew called upon to try the system under which it had been prostrated in 1840–42. The doctrines of Hume and Smith in reference to the balance of trade, were again adopted as those by which a government was to be directed in its movements. Protection being then repudiated, the consequences were speedily seen in the fact, that, within three years, factories and furnaces were everywhere closed, labor was everywhere seeking demand, and gold was flowing out even more rapidly than it had come in under the tariff of 1842. The excess export of those three years amounted, as is shown above, to \$14,000,000; and if to this be

added \$15,000,000 for consumption, it follows that the reduction in those years was equal to the total increase under the previous system. Circulation was everywhere being suspended, and a crisis was close at hand, when, fortunately for the advocates of the existing system, the gold deposits of California were brought to light.

In the year 1850-51, the quantity received from that source was more than \$40,000,000, of which nearly \$20,000,000 were retained at home. The consequence was speedily seen in a reduction of the rate of interest, and the re-establishment of commerce. In the following year, \$37,000,000 were exported, leaving perhaps \$8,000,000 or \$10,000,000, which, added to that retained in 1851, made an addition to the currency of probably \$30,000,000 — producing universal life and motion. In 1852-53, there was still a slight increase, but in the two years following — 1854 and 1855 — the export was no less than \$97,000,000; and if to this we add a domestic consumption that probably was but little short of \$25,000,000, we obtain a total amount withdrawn exceeding the receipts from all the world. Looking now to the Union east of the Rocky Mountains, it may well be doubted if the *effective* addition to the stock of the precious metals remaining in the form of coin much exceeds a single dollar, per head, of the population.* It may amount to \$30,000,000 or \$35,000,000; and small as is that sum, it would have produced a great effect in

* In the last Treasury Report, the addition to the stock of the precious metals in the last few years is estimated at more than \$100,000,000, and possibly even \$150,000,000. Small allowance is there, however, made for a consumption in the arts that must, in the last five years, have absorbed at least fifty of those millions. None is made for the fact, that \$20,000,000 are always kept in Treasury vaults, and while there are as useless as would be a similar weight of pebble-stones. Much advantage is claimed to have resulted from increasing the difficulty of transferring the property in money, by compelling individuals to carry gold in their pockets, when, if the law permitted, they would prefer to carry bank-notes. No allowance is made for a land system that compels millions of dollars in gold to be transported from one part of the country to another — at great cost and risk — when drafts would be used, were it not that it is the object of the Federal government, as far as possible, to *destroy the utility of the precious metals*, by promoting their *transportation*, and thus preventing their *circulation*. From the day when free trade was inaugurated as the policy of the dominant party of the country, there has been an almost unceasing war against credit; and the result is seen in the fact, that it requires \$200,000,000 of gold and silver to carry on a smaller amount of commerce than would, under a sound system, be transacted by help of less than \$100,000,000, and with a steadiness and regularity that now are quite unknown.

promoting the rapidity of circulation, had it not been that, simultaneously therewith, the indebtedness to foreign countries had so much increased as to require an annual remittance equal to the whole export of food to all the world, for the payment of interest alone—producing doubt and general distrust—causing an extensive hoarding of money—and palsying the movements of commerce. As a consequence of this it is, that the country now presents the most extraordinary spectacle in the world—that of a community owning one of the great sources of supply for money, in which the price paid for its use is generally thrice, and in many parts of the country six or eight times, as great as in those countries of Europe which find their gold-mines in their furnaces, their rolling-mills, and their cotton and woollen factories.

The policy of the country has, with slight exceptions, looked steadily towards keeping down the prices of the rude products of the earth, and thus facilitating their export; and the precious metals always follow in their train. The result at home is seen in the general exhaustion of the soil—in the fact that agriculture makes but little progress—in the diminished yield of the land—and in the steady decline of the money price of tobacco, flour, cotton, and other rude products of the earth.* The effect abroad is seen in the facts, that while the countries which receive those raw materials now make roads for themselves, the one that exports them is the largest borrower of the world—being forced to go abroad to purchase, on credit, the iron required for making roads through lands abounding in water-powers that run to waste; and over others filled with coal and iron whose services must remain unused until the adoption of a system tending to arrest the export of the precious metals, to enhance the value of land, and to lower the price of money.

The power to command the services of the precious metals grows with the growth of the power of association. The policy of the United States is hostile to association; and therefore it is, that cotton, flour, and tobacco have so steadily declined in price, while money has remained so dear.

§ 7. "In every kingdom into which money begins to flow in greater abundance than formerly, every thing," says Mr. Hume,

* See *ante*, pp. 198–197.

in his well-known Essay on Money, "takes a new face: labor and industry gain life; the merchant becomes more enterprising, the manufacturer more diligent and skilful; and even the farmer follows his plough with more alacrity and attention."

That this is so, is well known to every one who will read this volume. Why should it be so? Because the circulation of society then increases, and all power — whether in the physical or social world — results from motion. When money is flowing in, every man is enabled to find a purchaser for his labor, or its products, and to become a purchaser of the labor of others. Therefore it is, that commerce so steadily increases in those countries in which the Californian and Australian products now so rapidly accumulate — France, Germany, and Northern and Western Europe generally. When, on the contrary, money flows out, the circulation diminishes, and labor is everywhere wasted. That labor-power is capital, the result of the consumption of other capital in the form of food; and all the difference between an advancing and a declining state of society, is found in the fact, that in the one, there is a constant increase in the rapidity with which the demand for muscular or mental power follows its production, while in the other, there is a daily diminution therein. The more instantly the demand follows the supply, the more is the force economized, and the larger is the power of accumulation. The longer the interval between production and consumption, the greater is the waste of force, and the less is the power of accumulation.

Of all the machinery in use among men, there is none that exercises upon their actions so great an influence as that which gathers up and divides and subdivides, and then gathers up again, to be on the instant divided and subdivided again, the minutes and quarter-hours of a community. It is the machinery of association, and the *indispensable* machinery of progress; and therefore it is, that we see in all new or poor communities so constant an effort to obtain something to be used in place of it, as is shown in various countries of the world in which an irredeemable paper constitutes the only medium of exchange. Throughout the States of the West, a currency of some description is felt to be among the prime necessities of life. So well is this want understood, that many Eastern banks supply notes expressly for West-

ern circulation, and the people there receive them and pass them from hand to hand, because any money is better than none, and good they cannot get, for the reason that metallic money always flows *from* the place where the charge for its use is high, *to* that at which it is low, as is seen to be every day the case. The rate of interest in the West is now enormous, but every day witnesses the export of gold to New York, where it is somewhat less; and yet even the high interest of that city — ranging, as it has done for years, between ten and thirty per cent. per annum — cannot prevent it from going to France and Germany, where it commands but five or six per cent. Money thus obeys the same law as water — *seeking always the lowest level*. The latter falls upon the hills, but from the moment of its fall it never stops until it reaches the ocean; nor does the gold of California, or the silver of Mexico, stop until it reaches that point at which money most abounds, and at which, for that reason, the price paid for its use is least. Why this is so, we may examine.

In all the pursuits of life, it is the first step that is the most costly, and the least productive of result. The quantity of effort required for obtaining the first hundred dollars is greater than is needed for increasing it to a thousand; and that, in turn, is greater than is required to make of the latter a hundred thousand. So is it with the machinery of transportation and conversion — with schools and books.

Where roads are good, new ones can be cheaply made, because of the facility of transportation on the old ones. Where machinery of conversion abounds, new machinery may be cheaply made. Where the machinery of exchange, called money, freely circulates, further supplies may be cheaply bought, because of the wonderful effect of that combination of effort which results from growing power of association. It is where money is cheap so far as regards interest, that it is dear as regards all the finished commodities required for the use of the men who mine gold or who cultivate the earth. A piece of money will buy far more cloth in Britain than in California, and it goes to the former to yield four per cent interest, when it might stay in the latter to pay thirty or forty per cent. For the same reason it goes from Illinois to Boston, from Mississippi to Providence, from New York to Belgium and Germany, from Brazil to Paris, and from India to Manches-

ter and Birmingham; and the faster it goes, the stronger is the tendency towards further acceleration of its rate of travel.

The larger the quantity of gold sent to the chief manufacturing centres of the earth, the lower will be the rate of interest there—the greater will be the facilities for constructing new roads and mills—and the more rapid those exchanges from hand to hand which constitute commerce, and for the making of which money is so absolutely indispensable.—Directly the reverse effect is produced in the country from which it is exported, and in which, by reason of its export, the quantity is diminished. Circulation there becomes languid, and the power to dispose of labor gradually declines, with constant waste of capital. The demand for cloth becomes less, and mills cease to run. The closing of mills diminishes the demand for fuel and for iron, and furnaces are closed, while mines are everywhere abandoned. Labor abounds, for which there is no demand. The cost of maintaining order increases, while the power to contribute to the support of government as steadily decreases; and, next, the capitalist is found transferring himself to some other place, affording greater demand for his talents and his fortune. Land declines in price, and cultivation becomes less and less a science. Production is lessened, and with each and every stage of this decline, there is an increased necessity for resorting to the great central markets of the world, and for accepting less and less money in exchange for the few rude products, that can yet be raised for the supply of distant markets.

Of all the commodities used by man, the precious metals are those that render the largest amount of service in proportion to their cost—and those whose movements furnish the most perfect test of the soundness or unsoundness of its commercial system. They go *from* those countries whose people are engaged in exhausting the soil, *to* those in which they renovate and improve it. They go *from* those at which the price of raw products, and of land itself, is low—*from* those at which money is scarce and interest is high. The country that desires to attract the precious metals, and to lower the charge for the use of money, has, then, only to adopt the measures that elsewhere are seen most to tend towards elevation in the price of land, and increase in the reward of human effort. In all countries, the value of land grows with

that development of the human faculties which results from diversity in the modes of employment, and from the consequent growth of the power of combination. That power grows in France, and in all the countries of Northern Europe; and for the reason, as has been shown, that all those countries have adopted the course of policy recommended by Colbert, and carried out by France. It declines in Great Britain, in Ireland, in Portugal, in Turkey, in the Eastern and Western Indies, and in all countries that follow the teachings of the British school. It has grown in the United States in every period of protection; and then money has flowed in, and land and labor have risen in value. It has diminished there in every period in which trade has obtained the mastery over commerce. Land and labor have there declined in value as soon as their people had eaten, drunk, and worn foreign merchandise to the extent of hundreds of millions of dollars, for which they had not paid; and had thus destroyed their credit with other communities of the world.

§ 8. We are told, however, by Mr. Hume — and in that he is followed by the professors of modern political economy — that the only effect of an increase of the supply of gold and silver is that of “heightening the price of commodities, and obliging every one to pay more of those little yellow or white pieces for every thing he purchases.” Were such really the case, it would be little short of a miracle that we should see money always, century after century, passing in the same direction — to the countries that are rich from those that are poor; so poor, too, that they cannot afford to keep as much of it as is absolutely necessary for their own exchanges. The gold of Siberia leaves a land in which so little circulates that labor and its products are at the lowest prices, to find its way to St. Petersburg, where it will purchase much less labor and much less of either wheat or hemp than it would do at home; and that of Carolina and Virginia goes steadily and regularly, year after year, to the countries to which the people of those States send their cotton and their wheat, because of the higher prices at which they sell. The silver of Mexico, and its cochineal, travel together to the same market; and the gold of Australia passes to Britain by the steamship which carries the wool that is yielded by its flocks.

Every addition to the stock of money, as we are assured by the ingenious men of modern days engaged in compiling treasury tables and finance reports, renders a country a good place to sell in, but a bad one in which to purchase; and as the trader's object is that of attracting purchasers, he is led by this theory to believe, that the less the supply of money, the greater will be his trade. To what countries, however, is it that men have most resorted when they desired to purchase? Have they not, until recently, gone, almost exclusively, to Britain? It has been so, assuredly; and for the reason, that there it has been that finished commodities were cheaply furnished. Where have they gone to sell? Has it not been to Britain? It certainly has been so; and for the reason, that there it was that gold, cotton, wheat, and all other of the rude products of the earth, were dear. Where do they now most tend to go when they desire to purchase cloths or silks? Is it not to France and Germany? So it certainly is; and for the reason, that there it is that raw materials are highest, and finished ones are cheapest. Gold follows in the train of raw materials generally, and these are found, invariably, travelling to those places at which the rude products of the earth command the highest price, while cloth, iron, and manufactures of iron and other metals, may be purchased at the lowest; and the greater the flow in that direction, the greater is the tendency to further enhancing the prices of the former, and reducing those of the latter. Such being the case, it would seem that increase in the supply and circulation of money, so far from having the effect of causing men to give two pieces for an article that could before have been had for one, has, on the contrary, that of enabling them to *obtain for one piece the commodity that before had cost them two*; and that such is the case, can readily be shown.

Money tends to diminish the obstacles interposed between the producer and the consumer, precisely as do railroads and mills — all of them tending to the raising of the value of labor and land while cheapening the finished products of labor, and largely increasing the rewards of the agriculturist. Every diminution in the competition of railroads tends to lessen the value of labor and land. So does every diminution in the number of mills and furnaces; and so, in a still greater degree, does every diminution in

the supply of money ; whereas, increase therein tends to produce exactly the reverse effects. Why such is the case is, that with every improvement in the character of the machinery of exchange, the *proportion* of the transporter, the miller, or the owner of money, is diminished, and more is left to be divided between the producer and the consumer. Both of these obtain larger wages, and are enabled to accumulate capital to be applied to the improvement of the land or the conversion of its products ; and the more there is thus applied, the cheaper will be the products of the garden and the factory. It is within the knowledge of all, that manufactures have greatly fallen in price, and that the quantity of cotton cloth that can now be obtained for a single dollar is as great as would formerly have cost five ; *and that the reduction has taken place in the very countries into which the gold of the world has steadily flowed, and into which it now is flowing* — whence it would appear quite certain that finished commodities tend to fall as money flows in, while land and labor — the ultimate raw materials of all — tend to rise in price. The gold of California and Australia now goes to Germany, France, Belgium, and Great Britain, where money abounds and interest is low, because there manufactured commodities are cheap and money is valuable, *when measured by them*. It does not go to Spain, Italy, Portugal, or Turkey, because there manufactured goods are dear, and land and labor are cheap. It does not stop in Mississippi, Arkansas, or Texas, because there, too, manufactures are dear, and land and labor are cheap ; but there it will stop at some future period, when it shall have been ascertained that the plough and the harrow should always be the near neighbors of the spindle and the loom.

The higher products of a skilful agriculture — fruits, garden vegetables, and flowers — tend steadily to decline in price in all those countries into which money is flowing ; and for the reason, that agricultural improvement always accompanies manufactures, and manufactures always attract the precious metals. It is within the knowledge of every one familiar with the operations of the West, that while corn and pork are there always cheap, cabbages, peas, beans, and all green crops, are invariably scarce and dear ; and so continue, until, as around Cincinnati, Pittsburg, and some few other places, population and wealth have given a stimulus to

the work of cultivation. In England, the increase of green crops of all kinds has been immense, attended with decline in price; and in France, a recent writer * informs us that, notwithstanding the increase in the quantity of money, the price of wine is scarcely more than one-fourth of what it was, three centuries since. By another we are told, that "every man in France, of forty years of age, must have remarked the sensible diminution of the price of garden produce, fruits of all kinds, flowers, &c.; and that most of the oleaginous grains and plants used in manufactures have fallen in like manner; while beets, carrots, beans, &c., have become so common that they are now fed to animals in the stable." †

Food thus becomes more abundant in those countries into which gold is steadily flowing, and it becomes less so in those from which the gold flows, as is seen in Carolina, which has steadily exhausted her land—in Turkey—in Portugal—and in India. In all those countries, land and labor are low in price. Give them manufactures — thus enabling their people to combine their efforts — and they will obtain and retain gold; and then they will make roads, and the supplies of food will steadily increase as cloth and iron become cheaper; and land and labor will then rise in price. The most necessary part of the machinery of exchange being that which facilitates the passage of labor and its products from hand to hand, any diminution of its quantity is felt with tenfold more severity than is a diminution of the quantity of railroad cars or steamboats; and because of the enormous amount of the exchanges made from hand to hand, compared with those that are made between men who are distant from each other. Nevertheless, writers who congratulate the nation on the building of new ships, look with indifference upon a constant and increasing drain of the precious metals, attended by a cessation of motion throughout the community that promises, in the end, to be as perfect as was that which existed in 1842.

There is, thus, a constant tendency to decline in the value of gold, as compared with labor and land, in all those countries in which the supply of gold increases, and to a rise in that value in all those in which it diminishes—which latter is fully exhibited in several of the older Southern States. Why it declines in the one

* M. MOREAU DE JONNES.

† DE FONTENAY: *Du Revenu Foncier*.

is, that, from day to day, as manufactures and agriculture improve, there is found constantly increasing facility for obtaining further supplies of food, and of the machinery of cultivation; and the value of the old stock cannot exceed the *cost of reproduction*. For the same reason there is a decline in the value of old roads, and of old engines. With each addition to their number, there is increased facility in obtaining newer and better ones; and the value of those existing can never exceed that of the labor and skill required for producing others of equal power. Precisely so is it with money. In the early periods of society, gold and silver were obtained from the poor soils of Europe, but now — being yielded by the rich ones of Asia, America, and Australia — the supply thereof tends steadily to augment, with constant increase in the power of association and combination. With every stage of progress in that direction, the demand for mental and physical effort follows more closely upon the consumption of food and clothing to which its production is due; the ruder products of the soil, and the soil itself, increase in their money value, while the finished commodities required for the uses and purposes of man as steadily decline; and man himself becomes more intelligent, more happy, and more free. The farmer then obtains more money for his products, while the miner obtains more cloth and iron for his gold. Between the two there is, therefore, a perfect harmony of interests — all alike profiting by increase in the supplies of the precious metals, the most important of all the machinery of exchange in use among men.

§ 9. Of what use, however, it may be asked, will be further supplies of gold and silver when a country shall have obtained the full allowance required for the most perfect circulation of its products, and of the services of the persons of whom the society is composed? Is it not possible that the commodity may become superabundant? It is not; and for the reason, that the uses of those metals are so numerous and great. Silver is better than iron for a great variety of purposes. The melting-pot of the goldsmith, or the subjection to the hammer of the gold-beater, is the ultimate destination of the whole of the vast products of Siberia, California, and Australia; and the greater the power to use them in the arts, the more rapid must be the progress of civilization.

That power grows with increase in the facility of association and combination, and the latter grows with the increased facility of obtaining this essential machinery of association. The miner of gold is thus always making a market for his commodity, and the more of it that he supplies, the greater is the tendency towards decline in the price of the cloth, the watches, the steam-engines, and the books that he seeks to purchase. In proof that such is the case, it is needed only that—looking back for half a century—we remark the vast increase in the demand for plate, and the growing substitution of gold for the silver that so recently was used. Forty years since, gold watches were the exception. Now, a silver watch is rarely seen. Thirty years since, a gold pencil-case was quite a rarity. Now, such cases are made almost by millions. A quarter of a century since, a gilt-edged book was an unusual article of luxury. Now, gold is required almost by tons for gilding the edges of books. So is it everywhere—gold and silver coming daily into use, because of the increased facility with which they may be obtained; while all the commodities required for the miner's purposes have steadily declined in price. That "all discord" is "harmony not understood," we are assured; and the more we study the laws of nature, the more conclusive become the proofs that such is certainly the case.

§ 10. The use of bank-notes tends, however, as we are told, to promote the expulsion of gold. Were it to do so, it would be in opposition to the great general law in virtue of which all commodities tend *to*, and not *from*, the places at which they have the highest utility. A bank is a machine for utilizing money, by enabling A, B, and C to obtain the use of it at the time when D, E, and F, its owners, do not need its services. The direct effect of the establishment of such institutions in the cities of Italy, Holland, and other countries, has always been to cause money to flow *towards* those cities; and for the reason, that there its utility stood at the highest point. Even then, however, there were difficulties attendant upon the change of property in the money deposited with the bank—the owner being required to go to the banking-house, and write it off to the other parties. To obviate this difficulty, and thus increase the utility of money, its owners were at length authorized to draw checks, by means of which they

were enabled to transfer their property without stirring from their houses.

The difficulty still, however, existed, that—private individuals not being generally known—such checks could, in general, effect but a single transfer, and thus the recipient of money found himself obliged to go through the operation of taking possession of that which had been transferred to him, after which he had, in his turn, to draw a check when he, himself, desired to effect another change of property. To obviate this, circulating notes were invented, and by their help the ownership of money is now transferred with such rapidity that a single hundred dollars passes from hand to hand fifty times a day—effecting exchanges, perhaps, to the extent of many thousand dollars, and without the parties being at any time required to devote a single instant to the work of counting the coin. This was a great invention, and by its aid, the utility of money was so much increased that a single thousand pieces could be made to do more work, than without it could be done by hundreds of thousands.

This, of course, as we are told, supersedes gold and silver, and causes them to be exported. So we are certainly assured by those modern political economists who regard man as an animal that must be fed and will procreate—one that can be made to work only under the pressure of a strong necessity. Were they, however, to look, for once, at the real MAN—the being made in the image of his Creator, and capable of almost infinite elevation—they would, perhaps, arrive at a conclusion widely different. The desires of *that* man are infinite, and the more they are gratified, the more rapidly do they increase in number. The miserable Hot-tentot dispenses with a road of any kind, but the enlightened and intelligent people of other countries are seen passing in succession from the ordinary village road to the turnpike, and thence to the railroad; *and the better the existing communications, the greater is the thirst for further improvement.* The better the schools and houses, the greater is the desire for superior teachers and further additions to the comforts of the dwelling. The more perfect the circulation of society, the larger is the reward of labor, and the greater is the power to purchase gold and silver, to be used for the various purposes for which they are so admirably fitted, and the greater is the tendency to have them flow to the places

at which that circulation is established. Money promotes the circulation of society. The check and the bank-note stimulate that circulation — giving thereby value to labor and land ; and wherever these checks and notes are most in use, there should the inward current of the precious metals be most fully and firmly established.

That such is the case, is proved by the facts, that, for a century past, the precious metals of the world have tended most to Britain, where such notes were most in use. Their use increases rapidly in France, with constant increase in the inward flow of gold. So, too, does it in Germany, towards which the auriferous current now sets so steadily that notes which are the representatives of money are rapidly taking the place of those irredeemable pieces of paper by which the use of coin has so long been superseded.

Whence flows all this gold ? From the countries in which employments are not diversified ; from those in which there is little power of association and combination ; from those in which, therefore, credit has no existence ; from those, finally, which do not use that machinery which so much increases the utility of the precious metals, and which we are accustomed to designate by the term *bank-note*. The precious metals go *from* California — *from* Mexico — *from* Peru — *from* Brazil — *from* Turkey — and *from* Portugal — the lands in which property in money is transferred only by means of actual delivery of the coin itself — *to* those in which it is transferred by means of a check or note. It goes *from* the plains of Kansas, where notes are not in use, *to* New York and New England, where they are — *from* Siberia *to* St. Petersburg — *from* the banks of African rivers *to* London and Liverpool — and *from* the “diggings” of Australia *to* the towns and cities of Germany, where wool is dear and cloth is cheap.

§ 11. All the facts exhibited throughout the world tend to prove that every commodity seeks that place at which it has the highest utility ; and all those connected with the movement of the precious metals prove that they constitute no exception to the rule. Bank-notes increase the utility of those metals, and should, therefore, attract, and not repel, them. Nevertheless, the two nations of the world which claim best to understand the principles

of commerce, are seen to be engaged in a crusade against those notes; and in the vain hope of thereby rendering their several countries more attractive of the produce of the mines of Peru and Mexico, Australia and California. In this case, England follows in the lead of the United States — Sir Robert Peel's restrictions being later in date, by several years, than the declaration of war against circulating notes fulminated by the American government.

It is a pure absurdity; and its adoption in the United States is due to the fact, that their system of policy tends to that expulsion of the precious metals which always *must* result from the long-continued export of the raw products of the earth. The administration that adopted what is called free trade, was the same that commenced the system of *compelling* the community to use gold instead of notes; and the result was then speedily seen in the disappearance from circulation of coin of any description whatsoever. From that time to the present, the motto of the generally dominant party of the Union has been — "War to the death against bank-notes;" and, with a view to promote their expulsion, laws have been passed in various States forbidding their use except when of too large size to enter freely into the transactions of the community. As must, however, inevitably be the case, the tendency to the loss of the precious metals has always been in the direct ratio of the diminution in their utility thus produced. At one time only, in the last twenty years, has there been any excess import of those metals, and that was under the tariff of 1842. Then, money became abundant and cheap, because the policy of the country looked to the promotion of association and the extension of commerce. Now, it is scarce and dear, because that policy limits the power of association, and establishes the supremacy of trade. What are the circumstances which tend to influence the charge for the use of money, we may now examine.

Note, 1858.—That trading centralization is rapidly subjecting the property and fortunes of the whole people, to the will of a few, who are themselves to profit by all the changes they produce, is shown in the fact, that, in the short period of twenty months, ending August, 1857, the loans of the New York city banks were carried up, from \$92,000,000 to \$122,000,000, and then, in seventy days, reduced to \$95,000,000. The effect of this is seen in the almost entire stoppage of the societary movement.

CHAPTER XXXII.

THE SAME SUBJECT CONTINUED

III.—*Of the Charge for the Use of Money.*

§ 1. WITH every increase in the facility of *reproducing* a commodity, or thing, there is a decline in the value of all existing things of similar kind, attended by diminution in the price that can be obtained for permitting them to be used—phenomena furnishing conclusive proofs of advancing civilization. The house for whose construction, half a century since, a thousand days of labor would have been required, could now be reproduced in less than half that time; as a consequence of which, the value of labor in houses has largely risen, while that of houses, measured by labor, has greatly fallen. The man who now desired to occupy the earlier building would not be guided, in the rent he would pay for it, by the cost at which it had been produced, but by that at which it could be reproduced. The labors of the present tend, therefore, to acquire power at the expense of the accumulations of the past.

The charge for the use of the existing money tends, in like manner, to decline as, from century to century, man acquires increased control over the services of the great forces provided by the Creator for his use; and therefore it is, that in every advancing country there is a gradual diminution of the rate of interest. So, too, is it, as we pass from the sparsely-peopled regions beyond the Mississippi towards the more thickly-settled New England States—interest ranging in the first between fifteen and sixty per cent., while in the last the highest and lowest rates are found in the range between five and twenty per cent. In all and every case, it diminishes as we approach those States or countries that import raw materials, and in which, therefore, land is high in price; while it increases as we pass towards those

which export those materials, and in which, therefore, land is cheap. — In the first of these cases, the compensation of the capitalist, for this reduction, is found in the fact, that where land is highest and interest lowest, finished commodities of all descriptions are cheapest — enabling him to obtain a high degree of accommodation with a small amount of money. — The loss he suffers in the last is found in this, that where land is cheapest, finished commodities are dearest — much money being required for the purchase of coats, hats, boots, and other of the necessities and conveniences of life.

§ 2. The power to purchase money, and the tendency to decline in the rate of interest, exist in every community in the precise ratio of the activity of the circulation of labor and its products. The more perfect the existing supply, and the more it is utilized, the more rapid is the circulation, and the greater the tendency to increase in the ability for further purchases. The less the supply, and the less it is utilized, the slower is the circulation of society, and the greater is the tendency to lose what had before been purchased. In the one case, labor obtains power over capital, and the rate of interest falls. In the other, capital obtains increased control over labor, and the rate of interest rises. The first of these classes of phenomena obtains in all those countries that follow in the lead of France — importing raw materials, and exporting the products of their soil in the most perfect form. The second is found in all of those that follow in the direction now indicated by England — exporting the rude products of the earth, and reimporting them again in a finished state, as is the case with Ireland, India, Jamaica, Portugal, Turkey, Mexico, and all the states of Southern America.

In further proof of this, we may take the various phenomena presented by the United States, as their policy has changed from time to time within the last half century. In the free-trade period that followed the close of the great European war, circulation almost ceased — labor was everywhere wasted — production was small — and money was scarce and high. In that which followed the passage of the act of 1828, every thing was different — the circulation having then been rapid, labor in demand, production great, and money low in price. The scene being once more

changed, production declined, while money rose with great rapidity, and became at length so entirely unattainable, that banks suspended, States defaulted, and the Federal government was bankrupt.* Once more the protective policy was adopted, and then production increased with great rapidity, while the rate of interest fell. It is now high ; and for the reason, that *production is steadily and regularly declining in its ratio to the population*. In proof of this, we have the fact, that the consumption of food, cloth, and iron bears now a smaller proportion to the numbers of the people than it did ten years since. The facts of the present time correspond, therefore, with those observed in 1836. Money was then high—foreign loans were large—and emigration to the West was great. Speculation was then rife, as it is now ; but daily diminution of production laid the foundation of the distress and ruin that became so universal in 1842.

That real prosperity is totally inconsistent with an advancing rate of interest, is a fact whose truth is proved by every chapter in the history of the world. In that direction lie centralization and slavery ; and for the reason, that an increase in the charge for the use of money is evidence of growth in the power of the accumulations of the past over the labor of the present—of capital over labor. In proof of this, we have the fact, that throughout an important portion of the Union, the pro-slavery feeling keeps steady pace with the exhaustion of the land, by the export of its products in their rudest shapes—with the export of the precious metals—and with the increase in the price of money.

§ 3. Money is often spoken of as capital ; and thus we are told that interest is high, because “capital is scarce.” There would, however, be as much propriety in saying that rents, tolls, or freights were high, because capital was scarce. Interest is always high when money, from whatsoever cause, is scarce ; and the high price then paid for its use causes a deduction from the profits of the trader, from the rents of houses, and from the freights of ships. The owner of money then profits at the expense of all other capitalists. Interest is the compensation paid for the use of the

* In the closing years of the protective policy of 1828, the Federal government paid off a large amount of debt bearing interest at *three* per cent. In the free-trade period of 1841–42, it was totally unable to borrow money even at *six* per cent.

instrument called money, and for that alone. In countries in which it is high, the rate of profit is necessarily so, because the charge for the use of the money that is required enters so largely into the trader's profit.

The high profits of the western United States are said to be the cause of the high interest that is paid; but here, as everywhere, modern political economy substitutes effect for cause. Interest is there high because money — the thing for which alone interest is paid — is scarce; and because its scarcity enables the men who can command the use of machinery of exchange to obtain large profits by means of standing between the producer who needs advances on his corn, and the consumer who requires credit on his cloth and iron. Wherever it is scarce, circulation is sluggish; the waste of physical and mental power is great; and the man who can then command the use of that *indispensable* machinery, becomes even more the master of him who desires to use it than the transporter does when crops are large and ships are scarce. That this is so, must be well known to all who read this volume. It is, too, quite as true in reference to those countries which abound in capital of every other kind, as it is in relation to those in which such capital scarcely at all exists. The condition of the working classes in England in 1841 was most deplorable, and yet food, clothing, ships, houses, roads, and every thing else — money alone excepted — were most abundant. Capital is a word of the largest signification. Money is one that refers only to the machinery of exchange from hand to hand.

§ 4. This mistake of confounding money with capital appears in a recent work by one of the leading economists of France, who regards it as an error but too common to say, that "money is plenty, or money is scarce, to indicate that state of things which exists when the artisan seeking for capital obtains it with facility, or finds it difficult to be obtained." *

In his opinion, the English expression, "money market," should be changed to "capital market;" and when the farmer complains that "money is scarce," he regards him as being "the dupe of a metaphor, in virtue of which, in ordinary speech, capital is termed money, because money is the measure of capital." †

* CHEVALIER: *De la Monnaie*, p. 380.

† Ibid. p. 383.

The error here would seem to be on the side of the economist, and not on that of the farmer, whose daily experience teaches him that when money—the machine by means of which exchanges are made from hand to hand—circulates freely, he becomes more prosperous from day to day ; whereas, when it is scarce, and circulates slowly, his prosperity disappears. It is *not* capital that is needed, but money—the machine by help of which the products of labor and capital are kept in motion, and without which they cannot move except in the fashion of primitive times, when skins were traded for knives and cloth. The actual capital of the United States in houses, lands, factories, furnaces, mines, ships, roads, canals, and other similar property, has, in the last ten years, been increased by the application of labor to the extent of thousands of millions of dollars ; and yet we see in all directions roads half finished, and unlikely soon to be completed, although laborers are seeking employment—mills stopped for want of demand for their products—laborers unable to sell their labor—and men of business compelled to curtail their operations, because of the difficulty experienced in obtaining the means with which to pay their debts. Why is this so ? Not, certainly, because of any diminution of *capital*, for that is greater than it has ever been. Look where we may, we see new houses, roads, and farms, and almost States, created since the date of the last census, while several millions have been added to the population. Capital and labor, the things to be moved, have increased, but with that increase there has been a steady export of the machinery by which motion was to be produced—the results we now observe being only those which might have been expected from such a course of operation. The drain of money has caused the existence of this state of things ; and, to produce an almost entire stoppage of motion, it is needed only that the export from the Atlantic States should annually exceed by the most trivial quantity the import from California. — The little capital required for making a railroad adds many millions to the value of the lands through which it runs, because it produces rapid circulation of their produce. The very little required for building furnaces and mills gives value to land and labor, because it causes rapid circulation among the products of labor which seek to be exchanged ; but the very minute quantity employed in main-

taining the machinery of exchange from hand to hand produces results greater, a thousand times, in proportion to its amount.

The capital of the United States was nearly as great in 1842 as it was in 1846, and greater than it had been in 1834; and yet, in both of these latter years, prosperity was universal, while wide-spread ruin existed in the former. So, too, with Great Britain, whose capital in 1847 was quite as large as it had been in 1845; and yet the former presented to view a scene of almost universal distress, closely following on the other, which had been one of high prosperity. The difference in these cases is to be found in the facts, that in 1834 and 1846 money was flowing into the United States—and was therefore abundant and cheap—as it flowed into Great Britain in 1845, when and where it was also cheap; while in 1842 it was scarce and dear in one, as in 1847 it was scarce and dear in the other, because from both it was then flowing out. Were it possible now to announce, that, by reason of any change of policy, the export of gold would be stopped, and that the quantity in the country would steadily be increased by retaining here the produce of California, money would at once again become abundant and cheap—circulation would recommence—and prosperity would reign throughout the land; and yet the difference in the ensuing year would not amount to *a quarter of one per cent. of the value of the land and labor of the country*. Capital would be increased by a portion so minute as scarcely to be discernible, and yet *the money value*—the value at which it would be exchanged—would be augmented by many hundreds of millions. At present, all is stagnant, and there is little force. Then, all would be life and motion, and the force exerted would be great.

§ 5. It is not, however, in the quantity of money *held* by a country that we are to find the test of its prosperity, or the index to the rate of interest, but in the rapidity with which it circulates. Steadiness and regularity in the motion of society are requisite for the production of confidence, and increase of motion and of force result from confidence. The gold held by the banks, the people, and the government of the United States, is said to exceed by more than \$100,000,000 what was held but a few years since; but—there being no regularity in the motion of society—credit

is much impaired. As a consequence of this it is, that the circulation is sluggish, and that the rate of interest has, for years, been so high as greatly to limit the disposition to engage in any operations requiring time for their completion. The moneyed capitalist profits by this, because he obtains treble or quadruple the usual rate of interest ; but the miner, the founder, the cotton-spinner, and the cloth-maker, have been, and are being, ruined by it.

France has a large stock of the precious metals, yet frequent revolutions have tended greatly to the destruction of that confidence which is so essential to the production of activity in the circulation. Money that is hoarded renders no service to society. Hoarding being there common, the average rate of interest is high, while that of wages is low, because of the frequent and prolonged suspensions of demand for labor, (*chommages*,) and consequent competition for its sale — both of which exist in all countries in the direct ratio of deficiency in the supply of machinery of circulation. In that country—there being few local institutions to furnish any substitute — what there is of metallic money in circulation is, to a great extent, absorbed by demands for the payment of taxes, and has first to be collected in the departments, then transmitted to Paris, whence it finds its way slowly back to the place whence it came. Money is, therefore, scarce, combination of action is limited, and but little motion is produced. The manner in which such suspensions of activity would be terminated by a small amount of money, is well exhibited by a distinguished French economist in the following passage :—

“On one side, we see a machinist, a blacksmith, and a wheelwright, whose shops are closed, not perhaps because of any want of raw materials, but because of absence of demand for their products. Elsewhere are manufacturers in want of machinery, and farmers in need of agricultural implements. Why, now, is it that these latter do not give to the former the orders for want of which they continue idle ? Because these latter must be paid in money, which money the others cannot at the moment pay ; and yet they have, in shops or barns, abundance of commodities that they desire to sell, and by the possession of which many of the neighboring people would be greatly served. Why do they not ex-

change ? Because—direct exchange being impossible—they must commence by selling ; and, as they, in their turn, must demand money, they cannot find purchasers. Here we have a suspension of labor on both sides, and it is in cases like this, that production is languid and society vegetates, although surrounded by all the elements of activity and prosperity.

“ Means might, however, be found for removing this difficulty. If the machinist, the blacksmith, and the wheelwright refuse to deliver their products except for ready money, it is not because of any doubt they entertain of the future solvency of the farmer or the manufacturer ; but because it is not convenient to them to make credit sales that would diminish their active capital, and perhaps prevent them from continuing their operations. Let each one, then, in delivering his articles, as he has confidence in the future ability of those who now demand them, require only, in place of money, a note that he can use in his turn with those who furnish him. On this consideration, circulation will be re-established, and labor will be resumed. True, but we must first be sure that these notes, when accepted, will be received elsewhere, or otherwise it becomes at once a simple sale on credit. This certainty, however, cannot be obtained, and therefore they refuse the notes ; not because of any suspicion of their ultimate value, but because of doubts of the possibility of disposing of them. At this moment a bank intervenes, and says :—‘ You, machinist, deliver your machinery ; you, blacksmith, your instruments ; you, ploughman, your raw materials ; you, manufacturer, your manufactures : accept with confidence notes payable at a future time, provided you have confidence in the goodness of those who will thus become your debtors. I will take charge of all those notes, and hold them until they shall become due—giving you in exchange other notes, issued by me, that you will be certain to find of universal acceptance.’ Forthwith, all difficulty is at an end—sales are made, goods circulate, and production becomes animated. There are no longer raw materials, instruments, nor products of any description, remaining, even for a moment, unemployed.” *

There is here no change whatever in the quantity of capital owned by the community, and yet its members are seen passing

* COQUELIN : *Du Crédit, et des Banques.*

from a state of apathy and unproductiveness to one of activity and productiveness — enabling every man to sell his labor — receiving in exchange the commodities required for the consumption of wives and families, who before were like to suffer for want of the common necessities of life. What, however, was it, that gave value to these notes, and why was it, that they circulated so much more freely than those of the blacksmith and the farmer? Because there existed in the community a confidence that *behind them stood a pile of money sufficient to redeem each and every one of them, whenever and however presented*. Without the existence of that belief, they could not have circulated, as would soon be seen were there established a drain of gold — producing a steady diminution of the quantity in the possession of the bank, until at length even a single note failed to be paid on presentation. From that moment their circulation would be stopped; the suspension of movement would again take place; and the blacksmith, the machinist, and the wheelwright would again mourn over instruments that they would gladly exchange for food and cloth; while the farmer and the manufacturer would suffer from the difficulty of obtaining machinery for the better production of food and clothing. *Money is to society what fuel is to the locomotive and food to the man — the cause of motion, whence results power*. Withdraw the fuel, and the elements of which water is composed cease to move, and the machine becomes stationary. Withdrawal of the food from man is followed by paralysis and death; and such, precisely, is the effect of failure of the necessary supply of money—the producer of motion among the elements of which society is composed.

When, therefore, the farmer complains that money is scarce, and the laborer, mechanic, and manufacturer repeat the complaint, they are right. It is money that is needed, and their common sense does not in any manner deceive them. In every country of the world, pleasant feelings are excited by hearing of the incoming of gold and silver, because therewith are associated ideas of activity and energy; while, on the contrary, fear and sorrow are excited by their outgoing — there being therewith associated ideas of dulness, inactivity, suffering, and death. To this it is due that in almost every nation of Europe laws have been enacted having for their object the prohibition of the export of the coin of

the realm. The end sought to be accomplished was a right one — the law-makers having failed only in discerning the proper mode of seeking its accomplishment. They needed to attract money by giving to their subjects the peace and security, and the exemption from taxation, required for enabling them to appropriate more of their labor to the accumulation of machinery for facilitating the production of the commodities with which it could be purchased. — Money is capital, but capital is not necessarily money. When a man negotiates a loan, he obtains money for which he pays interest; when he borrows the use of a house, he pays rent; when he hires a ship, he pays freight; and there is strict propriety in maintaining the use of the term “money market,” in preference to adopting that of “capital market,” which it is now proposed to substitute for it.

§ 6. The motion described in the passage above given, proceeded, as the reader has seen, from the substitution of bank-notes for those of individuals, the use of which, however, as we are assured, tends to the expulsion of the precious metals. The reverse of this being the fact — money always tending towards those countries in which there exists that confidence which induces men to accept the transfer of property in coin by means of circulating notes—we have all the advantage suggested by M. Coque-lin, unaccompanied by the disadvantage that has been suggested. All commodities *will* seek that place at which they are most utilized; and more than with any other is this the case with the precious metals. A hundred thousand pounds being, by the use of such notes, made to perform the work that without them would have required half a million, their effect has always been to lower the rate of interest for the use of money, to the great advantage of those who required to borrow it—while increasing the production, and diminishing the cost, of the commodities required to be used by the owner of the gold; to the great advantage of both. Such are the effects which are now observed in both France and Germany. In the former, bank-notes have only recently come into use, but the import of gold increases with the extension of credit, and the decline in the rate of interest. In the latter, the habit of association, and the extension of credit, are now rapidly growing by help of the *Zoll-Verein*, or Customs-Union, esta-

blished with a view to bring together the producer of food and wool and the consumers of food, cloth, and iron. It is through this *increase in the utility* of the metals that there has been a *decline in their value* — the greater facility of purchasing them with cheaply-produced food and manufactures, giving increased power to apply them to various uses in the arts. So is it with all other commodities. As improved steam-engines enable us to obtain a larger amount of power from the same quantity of coal, the utility of coal increases, but its value declines, because of the increased facility of obtaining more coal, and more iron for the construction of other engines. As the old road becomes more useful from the increased use that is made of it by a growing population, its value declines, because of the growing facility of obtaining new and better roads. Utility, as the reader has already seen, is the measure of the power of man over nature, while value is the measure of the power of nature over man — of the obstacles to be overcome before a commodity can be acquired; and this declines as the former rises. With every augmentation of wealth resulting from association and combination, there is an augmented power to subject to cultivation the richer soils; and with every stage of progress in this direction, the value of labor rises, while that of the original poor soils as much declines. Such, too, is the case with the precious metals, whose value everywhere declines as their utility increases. Wherever, and whenever, they are hoarded, they are useless, and the rate of interest is high. To reduce that rate, it is only needed that they be applied to their proper use — that of promoting those exchanges of service which constitute the commerce of man with his fellow-man.

§ 7. With increase in the supply of money, there is everywhere a steady tendency towards an equalization of the price paid by the poor and the rich for the services of this great instrument of association. A century since, the British three per cents. were higher than they are now, and of course the rate of interest on such securities was lower; but the rate of interest paid by men of small means was greatly higher. So in France, when the government could borrow at five per cent., the weekly charge in the retail operations of the markets of Paris was nearly a hundred and seventy-five per cent. So is it now throughout

the United States. The wealthy man can borrow at ten or twelve per cent., but the small manufacturer can scarcely do so at any price; while the poor laborer is happy to obtain credit at even cent. per cent. Whenever, and wherever, money is scarce and credit is impaired, there is great inequality. So soon, however, as it becomes again abundant, the prices charged for its use tend gradually towards a level—the small operator, of good character for punctuality, obtaining loans at nearly, if not quite, as low a rate as does his opulent neighbor. With the growth of wealth, in whatsoever form, there is a tendency towards equality, manifested by a constant increase in the *proportion* of the laborer or artisan, and corresponding diminution in that retained by the land-owner or other capitalist; but in none of the operations of life is that tendency so frequently or so clearly manifested, as in the transactions connected with the use of money—of all the machinery of exchange in use by man, the one that renders the largest amount of service, and at the smallest cost.

With every increase in the supply of money, there is, too, a diminution of the burden imposed by pre-existing capital. It is within the knowledge of every man who reads this volume, that mortgages become more and more oppressive as money becomes more scarce; and that as the supply increases, there is a diminution of the weight of the mortgage, both as regards the payment of interest and the repayment of the principal. In the former case, if the movement be continued for a sufficient length of time, it results in the forced sale of the incumbered property, as was seen to so great an extent in this country in 1842, and has recently been seen in Ireland. The rich are thus made richer, while the poor are ruined. Every step towards increase in the facility of obtaining money is therefore equalizing in its character.

Again, with every increase in the abundance of money, taxes become less oppressive to those who pay them, and less beneficial to those who receive them, except, in so far as an increased production of the commodities required for their consumption, makes amends for decline in the value of the one in which their salaries are paid. The men of fixed incomes—whether soldiers, judges, generals, or sovereigns—lose now by the substitution of the cheaper gold for the dearer silver; but the farmer, the laborer, and the other tax-payers of the country, profit; and here again

we have evidence of the highly equalizing tendency of an increase in the power of man, over those great deposits of the only commodities capable of being used with advantage in the transfer of property from hand to hand.

That such is the tendency of the greatly increased facilities for obtaining the precious metals, is clearly seen by the men of Europe who derive their means of existence from the public treasury — from money-rents — or from interest ; as is shown by the ingenious efforts in France and Holland for excluding gold from circulation. The public debt of the latter being immense, and the men who look to the treasury for dividends being great in number and in power, they, of course, have desired to be paid in silver, as the metal of greatest value ; while the tax-payers would have preferred to pay in gold, as being the one of smallest value. The former triumphed, and gold was formally excluded from the circulation. In India, too, gold was expelled — the Company having preferred to collect its taxes in the dearest commodity. In France, as yet, the effort has proved a failure. Taxes, rents, and interest being there enormous in amount, their recipients are both numerous and powerful. The annual receipts and disbursements from the treasury being about 1,700,000,000 francs, while mortgage debts require nearly half as much, and rents of houses and lands perhaps as much more, we have thus an amount of more than \$600,000,000 to be first collected in money, and then again divided among the most influential members of society—all desiring to receive the dearest of the precious metals ; to the great injury of the tax-payers, and of those who need to pay for the use of money.

The abundance of gold being equalizing in its tendency, they would repudiate that metal ; and yet the injury would ultimately recoil upon themselves. Such a measure could not fail largely to increase the tendency in that country towards the state of things so well described in the extract from M. Coquelin's excellent little book—that of frequent suspensions of labor, resulting from the difficulty of finding purchasers for its products ; everywhere a consequence of deficiency in the machinery of circulation. Elsewhere he reminds his readers of the French proverb, which says, that "the difficulty is not to produce, but to sell ;" and without desiring to assert its absolute truth, he says that it is im-

possible to deny that it is true to a great extent. "If," as he continues, "the difficulty of selling did not arrest production, the people of France would carry the amount of their production very far beyond its present limits." Not one in ten of them, as he assures his readers, produces as much as he could; and yet, everywhere, "the great question is to find a market for the things produced." Hence it is that he finds himself compelled to describe the condition of the French workman as "comparatively wretched." The difficulty, however, is not confined to them — the discomfort resulting from this state of things being universal, and extending throughout the range of society.*

The capital in labor and land exists, but it needs a circulation that can be obtained, only by help of a sufficient supply of the machinery by means of which exchanges are made from hand to hand. "What is really wanted by the French farmer," says M. Coquelin, "is not capital, but *the power to pay* for what he needs. *That* is the capital he requires, and, wanting it, he finds himself compelled to deny himself and his land the advantages that would result from the possession of cattle, seeds, and agricultural instruments which would enable him to add largely to his production." Admitting, as he further says, that credit would give him power to pay, he would be seen giving his orders "to the wheelwright, the blacksmith, the cattle-grower, and the manufacturer of manures, all of whom would be set to work, and in a little time agricultural capital would abound throughout the country." In order, however, that this credit may exist, there must be a base upon which it can rest, and that base can be nothing else than money — every man who accepts a note, doing so because he believes he can have money for it when he will. The power to establish that base throughout France must increase with every step tending to diminish the weight of taxes and interest, as is the case with the one which substitutes gold for silver in the payments to receivers of interest upon bank stocks, mortgages, and public debts. Every increase in the facility of making these payments is, as has been said, equalizing in its tendency; and therefore it is, that the moneyed aristocracy of France has manifested so great an anxiety to confine the circulation exclusively to the dearer metal — silver. What is remarkable, however, is, that among

* *Du Credit, et des Banques*, p. 167.

those who seem most to appreciate the "evils" that, as they say, must result from an increase in the supply, and diminution in the value, of money, and who manifest the greatest anxiety for the passage of laws restricting the people from determining whether they will or will not use gold in their various transactions, are leading advocates of the system commonly known as free trade ; and the leading opponents, too, of all governmental interference with the operations of individual members of society.*

§ 8. The strength of a community among the nations of the world grows with the decline in the charge for the use of money, or rate of interest. That decline is always a consequence of the influx, and of the increased utilization, of the precious metals. That influx takes place in all the countries which adopt the advice of Adam Smith, in placing the consumer of corn by the side of the producer of wool — thus enabling themselves to export their products in the most finished form. — In all such countries, credit grows ; commerce becomes rapid ; mind becomes developed ; land acquires value ; man acquires power over nature, and becomes more happy and more free — the labors of the present steadily acquiring greater control over the accumulations of the past.

The strength of a community declines with increase in the rate of interest. That increase results from efflux of the precious metals, or from the existence of the doubt and insecurity which lead to hoarding them, and thus diminish their utility. That efflux takes place in all countries which reject the advice of Adam Smith — refusing to place the consumer by the side of the pro-

* See *Journal des Economistes*, May, 1854, for an article on the Depreciation of Gold. It is somewhat remarkable that the most active opponents of measures tending to the utilization of money, and consequent diminution of the rate of interest, should, in England, France, and the United States, be the most earnest advocates of the system that looks to the centralization of manufactures by means of what are called free-trade measures. Sir Robert Peel was the author of various limitations of the English currency, and the American crusade against banks and their notes is continued to the present time by free-trade advocates, as is shown in the recent financial Reports.

In all countries, freedom grows with the growth of credit and the utilization of the precious metals, because in all such cases the circulation of society becomes more rapid, and labor more productive. The final adoption of free-trade measures as the Democratic policy, the repudiation of credit, and the commencement of the pro-slavery feeling that now exists, date, each and all of them, back to the years 1835 and 1836.

ducor, and compelling themselves to export their products in their rudest form. — In all such countries, credit declines — commerce decays — the human powers remain latent and undeveloped — land becomes exhausted and declines in value — and man becomes more and more the slave of nature and of his fellow-man — the accumulations of the past acquiring greater control over the labors of the present.

With decline in the rate of interest, the prices of raw products tend to rise, while those of finished commodities tend to fall. Such approximation is attended with growing individuality of the community — the *necessity* for going to foreign markets with raw productions declining from year to year, and the power to purchase the products of foreign lands—gold included—as steadily augmenting, with constant increase in the amount of commerce. With that approximation there is, too, of necessity, a constant decrease in the proportion of the products of the farm required for paying the people employed in the work of transportation and conversion; and as constant decrease in the proportion borne by the persons so employed to the community at large. That that diminution is taking place in France, and in the states of Northern Europe, is proved by facts that heretofore have been submitted for consideration. Corn has advanced so steadily in Russia, that her exports thereof have scarcely at all increased. Germany, formerly the great exporter of corn, wool, and rags, now exports but little of the first, while of the others her own consumption has become so great as to absorb not only the whole of her own production, but much that comes from other countries. So, too, is it with Sweden and Denmark, both of which import largely of the raw materials of clothing, to be combined with the home-grown food — thus entitling themselves to obtain supplies of gold.

The reverse of this is seen in all the countries in which the rate of interest rises—Ireland, India, Turkey, Portugal, and the United States. Of all the civilized nations of the world, the latter stand alone in the pursuit of a policy which causes a steady decline in the prices of raw materials — thus producing a necessity for a constant export of the precious metals. The effect is seen in the facts, that in the thirty-seven years that preceded the commencement of the recent Crimean war, the price of flour fell steadily

until, from an average of \$11.60, at which it had stood in the years from 1810 to 1815, it declined to an average of \$4.67 in those from 1850 to 1852—that cotton fell to little more than a third of the price it formerly commanded—that tobacco declined at least one-half—and that they are, at this moment, more dependent upon the chances and changes of foreign markets than at any former period.

The policy of France and of Northern Europe tends to the elevation of the farmer, and to increase in the value of land. That of the United States looks to the depression of the farmer, and to the destruction of value in land. The one tends to reduction in the rate of interest; the other, to its increase. Hence it is, that while in the one we witness a growing belief in the idea that men were intended to be free, we see in the other a similar growth of the idea that those who labor are of right enslaved.

The countries of Europe into which gold is flowing, and in which the charge for the use of money has a downward tendency, have all adopted the protective system introduced into France by Colbert, and there maintained to the present hour. That protection was specially introduced as a measure of resistance to the policy of England, denounced by Adam Smith—having for its object the cheapening of the raw products of the earth, while maintaining the prices of the finished commodities into which they were converted. The larger the difference between the two, the greater is, of course, the trader's profit. The more the two approximate, the smaller is that profit. Throughout the northern portion of Continental Europe, prices are approximating; and with every step in that direction, there is an increase of competition for the purchase of the raw products of the earth, and for the sale of manufactured commodities, with constant diminution in the trader's share. France and Germany now compete with Great Britain in the markets of the world for the purchase of wool, cotton, and rags, and for the sale of cotton and woollen cloth, and paper. Sweden, Denmark, Russia, and Belgium are moving in the same direction—the general result exhibiting itself in the fact, that the additional consumption of the protected countries of Europe, in the last fifteen years, makes a demand for more than half the additional American supply.

The closer the approximation of the prices of raw materials

and finished articles, the less is the trader's share. Those prices do approximate throughout most of Continental Europe; and the consequences of this are seen in the diminishing power of Great Britain to control the ultimate disposition of the commodities she receives from those countries which consume her manufactures—representing, as they do, only the raw produce she has imported, and not in any manner what she has herself produced.* Sugar, coffee, tea, fruit, lumber, and other commodities, she must retain, but the gold escapes her hands. The quantity of coin issued by the British mint, in the six years from 1848 to 1853, was £32,500,000, or about \$160,000,000; and of this vast sum more than three-fourths were issued from 1851 to 1853. Since then, nearly all the produce of California has gone to Europe. Thereto has been added the vast amount of gold yielded by Australia; and yet, though almost the whole has gone first to England, the quantity of bullion now held by the Bank is less by many millions, than it was before the discovery of those great deposits which now are flooding the world; while the standing rate of interest has much increased.

The policy of the United States—differing totally from that of Northern Europe—is that of acquiescence in a system based upon the idea of cheapening the products of the farm and the plantation. Notwithstanding an addition, in the last decade, of nearly eight millions to their population, the number of persons now engaged in the chief departments of manufacture scarcely exceeds that of 1847. All, therefore, being driven to the effort to draw support from cultivation of the land, or from the pursuits of trade, the result is seen in the facts, that agriculture makes but little progress — that the land is more and more exhausted from year to year — that its yield diminishes — that the total quantity of food exported does not amount, on an average of years, to a single dollar a head—that the total product of the vast extent of land engaged in growing cotton is but thrice the amount of the egg crop of France—that prices steadily diminished during nearly forty years — that manufactured goods are high in price — that nearly all the gold of California is required to be sent abroad — and that the price of money continues, year after year, at a higher rate than in any other civilized country of the world.

* See *ante*, p. 82.

§ 9. Of all the machinery in use among men, there is none whose yield is so great in proportion to its cost as that employed in effecting exchanges from hand to hand—none whose movements inward or outward are so strong an evidence of increase or decrease of the productive power of the community — none, therefore, that affords the statesman so excellent a barometer by means of which to judge of the working of his measures. It is, nevertheless, of all others, the one whose movements are, by modern political economists generally, regarded as least worthy of consideration. By many of them we are even taught that the only effect of an increase in the supply of a commodity whose possession is so anxiously sought by all mankind, is, that, instead of having the labor of counting out one, two, or three hundred pieces, we should be forced to count three, six, or nine hundred ; and that, therefore, there is economy in being forced to perform the work of exchange with the smallest quantity of the machinery by aid of which alone it can be performed. All the teachings of modern economists on this subject are in direct opposition to those of the common sense of mankind ; and, as is usually the case, that to which all men are prompted by a sense of their own interests, is far more nearly right than that which is taught by philosophers who look inward to their own minds for the laws which govern man and matter — refusing to study the movements of the people by whom they are surrounded.

The uninstructed savage finds in the waterspout and the earthquake the most conclusive proof of the wonderful power of nature. The man of science finds it in the magnificent, but unseen, machinery by means of which the waters of the ocean are daily raised, to descend again in refreshing dews and summer showers. He finds it, too, in that insensible perspiration which carries off so nearly the whole amount of food absorbed by men and animals. Again, he sees it in the workings of the little animals, invisible to the naked eye, to whom we are indebted for the creation of islands elaborated out of earth that has been carried from the mountains to the sea, and there deposited. Studying these facts, he is led to the conclusion, that it is in the minute and almost insensible operation of the physical laws he is to find the highest proof of the power of nature, and the largest amount of force. So, too,

is it in the social world.* To the uninstructed savage, the ship presents most forcibly the idea of commerce. The mere trader finds it in the transport of large cargoes, composed of cotton, wheat, or lumber; and in the making of bills of exchange for tens of thousands of dollars, or of pounds. The student of social science, on the contrary, sees it in the exercise of a power of association and combination resulting from development of the various human faculties, and enabling each and every member of society to exchange his days, his hours, and his minutes for commodities and things to whose production have been applied the days, the hours, and the minutes of the various persons with whom he is associated. For that commerce, pence, sixpences, and shillings are required; and in them he finds willing slaves, whose operations bears to those of the ship the same relation that is elsewhere borne by the little coral insect to the elephant.†

It is by means of combination of effort that man advances in civilization. Association brings into activity all the various powers, mental and physical, of the beings of whom society is composed, and individuality grows with the growth of the power of combination. That power it is which enables the many who are poor and weak to triumph over the few who are rich and

* The wonderful effect of changes so minute as wholly to escape our notice, is well exhibited in the following passage from an author to whom we have already been much indebted:—

“An alteration in the natural world of things of so small a kind as to be inappreciable to our senses, would at once insure the certain extinction of animal and vegetable life. Let the All-powerful order that the minute proportion of carbonic acid in the atmosphere should be removed, and in a single hour vegetation would droop—in a single week, probably, not a plant would remain alive on the whole face of the dry land! And yet the human organs would perceive no change in the nature of the atmosphere, and the mass of mankind would first wonder at the fatal plague which had so suddenly stricken all vegetable forms, and, after a brief period of stupefied and undefined dread, they, too, would perish, as the plants had done, for want of sustenance.”—JOHNSON: *Chemistry of Common Life*, vol. ii. p. 365.

† The use of the smaller coins is an evidence of freedom. Among slave populations they are not needed—the laborer having none of the smaller exchanges to make. Throughout the southern United States, the small silver coins are rarely seen—the whole intercourse of the people of the plantations being made through the medium of their owners on one hand, and the trader in cotton on the other. The appearance of the silver piece of three cents' value was an evidence of growing civilization, and another has since been furnished in the convenient piece of copper, nickel, and zinc, that has been substituted for the clumsy copper coin which previously had represented the hundredth part of a dollar.

strong ; and therefore it is that men become more free with every advance in wealth and population. To enable them to associate, there is required an instrument by help of which the process of composition, decomposition, and recomposition of the various forces may readily be effected ; so that while *all* unite to produce the effect desired, *each* may have his share of the benefits thence resulting. That instrument was furnished in those metals which stand almost alone in the fact, that, as Minerva sprang fully armed from the head of Jove, they, wherever found, come forth ready—requiring no elaboration, no alteration, to fit them for the great work for which they were intended, that of enabling men to combine their efforts for fitting themselves worthily to fill the post at the head of creation for which they were designed. Of all the instruments at the command of man, there are none that tend in so large a degree to promote individuality on the one hand, and association on the other, as do gold and silver—properly, therefore, denominated **THE PRECIOUS METALS**.

CHAPTER XXXIII.

THE SAME SUBJECT CONTINUED.

IV.—*Of the Trade in Money.*

§ 1. THE single commodity that is of universal demand is money. Go where we may, we meet numerous individuals seeking commodities required for the satisfaction of their wants, yet widely differing in the nature of their demands. One needs food; a second, clothing; a third, books, newspapers, silks, satins, houses, cattle, horses, or ships. Many desire food, yet while one would have fish, another rejects the fish and seeks for meat. Offer clothing to him who sought for ships, and he would prove to have been supplied. Place before the seeker after silks, satins, or railroad bonds, the finest lot of cattle, and he could not be induced to purchase. The lady of fashion would reject the pantaloons; while the porter would regard her slipper as being wholly worthless. Among all these people, nevertheless, there would not be found even a single one unwilling to give labor, attention, skill, houses, bonds, lands, horses, or whatever other commodity might be within his reach, in exchange for money — provided, only, that the quantity offered in exchange were deemed sufficient.

So, again, if we look throughout the world. The poor African searches anxiously in the sands for gold, while the yet poorer Lapp, and the wretched Patagonian — almost the antipodes of each other — are alike in the fact, that they are ready, at any moment, to exchange their labor and its products for either of the precious metals. Each and every of these people attaches to their possession a higher value than is attached thereto by the poorest beggar in the streets of Paris or of London; and for the reason, that the obstacles standing in the way of their reproduc-

tion, great as they may be with the latter, are yet greater with the former.

So has it been in every age. The Midianite merchants paid for Joseph with so many pieces of silver. Rome was sold to Brennus for gold. That of Macedon bought the services of Demosthenes; and it was thirty pieces of silver that paid for the treason of Judas. It was the gold of Spain that enabled Hannibal to cross the Alps; as that of the Spanish-American colonies has enabled France to subjugate so large a portion of Northern Africa. Sovereigns in the East heap up gold as provision against future accidents, and finance ministers in the West rejoice when their accounts enable them to exhibit a full supply of the precious metals. When it is otherwise — when, because of war, or of other circumstances, the revenue proves deficient — the highest dignitaries are seen paying obsequious court to the Rothschild and the Baring, controllers of the supply of money. So, too, when railroads are to be made, or steamers to be built. Farmers and contractors, land-owners and stockholders, then go, cap in hand, to the Croesuses of Paris and London, anxious to obtain a favorable hearing — and desiring to propitiate the man of power by making whatever sacrifice may seem to be required.

Of all the materials of which the earth is composed, there are none so universally acceptable as gold and silver. Why should it be so? Because of their having distinctive qualities that bring them into direct connection with the distinctive qualities of man — facilitating the growth of association, and promoting the development of individuality. They are the *indispensable* instruments of society, or commerce. Therefore it is, that we see them to have been seized upon by the class that lives by virtue of the exercise of their powers of appropriation, as furnishing the most efficient of all the machinery of taxation.

§ 2. In the early period of society, when poor and scattered men are compelled to limit themselves to the cultivation of the least fruitful soils, the quantity of money in use — trivial as it is — bears a large *proportion* to the whole amount of commerce that is maintained. Among the Altai Mountains, an ounce of silver suffices for purchasing two hundred and fifty pounds of beef,

or a hundred pounds of butter; and among the Pampas of Buenos Ayres, the horses that can be purchased with a pound of gold count by thousands. The Hindoo sells his month's labor for a rupee, and when he chances to obtain a piece of gold, he wraps it up with care, hoping never to have occasion to cause it again to see the light. The wretched Laplander hides his money in the earth, and dies — leaving his secret undiscovered. In such cases, the utility of money is very small, but its value is very great. With the growth of population, and consequent increase in the power of association, the former rises, but the latter falls; and this it does, because of a constant diminution in the cost of reproduction consequent upon the augmented wealth and power of man. With every stage of progress, the quantity of money required bears a diminishing *proportion* to the commerce that is to be carried on, as is seen by comparing the small amount used in London, Paris, Philadelphia, or New York, for effecting exchanges that count by millions daily, with the limited commerce found in Peru or India, where—society being torpid—each exchange must be accompanied by a delivery of the coin required for its accomplishment. With every increase in the velocity of water, a smaller quantity is required for producing a given effect; and so, precisely, is it with money. Here, as everywhere throughout nature, increase in the rapidity of motion, is attended by decline in the proportion borne by the material that is used to the effect that is produced.

§ 3. Centralization, whether political or trading, tends to the diminution of motion, with constant increase in the *proportion* of money required, and diminution in the effect — progress in that direction carrying a community towards a state of things resembling the barbarism of early settlements. The greater the amount of taxes required, the larger will be the quantity of money always on the road to the treasury, and the longer will be the time that must elapse before—even if ever—it returns to the place whence it came. The greater the distance between the farmer and the artisan, the larger being the number of hands through which the produce passes, there is, at every stage, an increased demand for money for the payment of freights, commissions, and other charges; and for the purchase and repurchase of the pro-

duce itself. Every increase of taxation, and every increase of the necessity for effecting changes of place, tends to diminish the power to cultivate the richer soils, and to diminish the quantity produced — while increasing the amount of money required, with constant increase in the *proportion* borne by it to the amount of commerce.

§ 4. Decentralization, or the establishment of local centres of action, tends, on the contrary, while increasing the amount of commerce, to diminish the quantity of money required, and to diminish its value—while increasing its utility. The more perfect the localization, the smaller will be the proportion borne by money to the amount of commerce, and the greater the facility for applying the precious metals to the various uses for which they were intended.

The more perfect the power of association, and the greater the development of individuality, the smaller will be the quantity of money needed for the payment of taxes — the shorter the time that must elapse before it enters again into circulation — and the less the quantity required for paying freights and charges, or for effecting purchases and repurchases.

The smaller the quantity of coin required for effecting exchanges, the more rapid will be the growth of commerce, and the greater the facility for subjugating to the plough the richer soils, with constant increase of product.

The *proportion* of money to commerce tends, therefore, to decline, with constant increase in the power of commerce to command the use of the great instrument whose services it so much needs.

With every stage of progress in this direction, there is an increasing tendency to steadiness of value. The fluctuations of all new settlements are, as is well known, exceedingly great. On one day, a piece of gold of a certain weight will pay for a barrel of flour, but on another, and within a month, two such pieces are required; and then, at the close of another month, a similar barrel may be had for little more than the cost of transportation.* At one moment, money may be hired at eight or ten per cent.; whereas, at the next, it commands forty, fifty, or sixty per cent.

* See *ante*, p. 189.

§ 5. The tendency of gold and silver towards steadiness in value is their great recommendation as standards with which the value of other commodities may be compared; and were the trade in money free from interference, they would be almost as perfect in that respect as is the yardstick as a measure of length, or the bushel as a measure of capacity. The whole quantity of corn, cotton, and sugar, in market, in any year, being consumed within the year, a failure of crop may make a change of fifty, or even of a hundred, per cent. in the price; whereas, the quantity of gold and silver always in market being hundreds of times more than is required for a year's consumption, a total failure of the year's crop should not affect it to the extent of even one per cent.

So numerous, nevertheless, have always been the interferences with the commerce in money, that of all things it is most subject to sudden alteration in supply and value. It is a yardstick of perpetually changing length — a gallon measure that contains, sometimes, three quarts, and at others six, or even twelve. Why it is so, we may now inquire.

Centralization giving power to the class that lives by virtue of the exercise of the power of appropriation — the soldier and the trader — every increase therein is attended by increase in the taxes to be levied. The commodities selected as the subjects of taxation are always those of absolute necessity — salt, sugar, tobacco, and other things of almost universal use. Of all, however, there is none so *indispensable* to the movement of society as money. Therefore it is, that we find its management so universally to have been assumed by governments, to be exercised for public or for private profit.

With the growing centralization of power in the state of Athens, we mark a constant increase in the value of money as compared with man, and in the number and rapacity of money-dealers. In many of the subject states and cities, the precious metals became so scarce as to compel recourse to coins of copper and of iron, circulated at rates far exceeding their real value. At a later period, money almost entirely disappeared — the land being then cultivated by slaves, to whom the use of the instrument of association was altogether denied.

As centralization grew in Rome, the copper *as* fell by degrees

from a pound to half an ounce, and the silver *denier* from 153 grains to 84; while the golden *aureus* of the days of Augustus, which weighed 147 grains, stood, under Galba, at only 137. The object of all these changes having been the promotion of the interests of the few who controlled the movements of the government, they were attended with constant increase in the inequality of conditions, and in the value of the precious metals. as compared with labor. With each, there was an increase in the proportion charged, as interest, for the use of the little money which circulated among a people whose daily wants were supplied by means of daily distributions from the public treasury. That Brutus received four per cent. per month, is matter of historical record; but, large as was this proportion, it must have been thrice exceeded in the minor operations of the imperial city. The poorer a people, the larger is always the rate of interest. Therefore is it, that we find colossal fortunes so rapidly to have accumulated in the days when pauperism so much abounded.

§ 6. To find the falsification of money carried to its highest point, we must, however, study history of a later date. Philip the Fair, of France, changed the coinage thirteen times in a single year, and more than a hundred times during his reign — the object of every change having been the plunder of those by whom his money was required to be used. Heavy pieces were called in, that light ones might be issued in their stead, and next the latter were discredited — those who had on one day accepted a piece at more, being thus compelled, on another, to part with it at less, than its real value. Louis X., Charles IV., Philip V. and VI., and their successors, followed his example; and even so late as the reign of Louis XVI. we find the director of the mint reproaching his subordinates with making their coins so heavy, as to prevent the king from obtaining “his proper profit.” How great had been the taxation performed by means of constant tampering with the currency is seen in the fact, that at the Revolution it would have required sixty-six livres to give the same quantity of silver, that originally had been contained in one.

This course of proceeding produced, necessarily, the hoarding of money — its utility being thus destroyed, while its value was increased. More than any country in Europe, France has been

distinguished by the exactions of money-dealers, all of whose operations tended to increase the control of the accumulations of the past over the laborers of the present. Hence it is, that credit has had so slight existence — that the charge for the use of money has been so uniformly high — and that squalid wretchedness has accompanied such great magnificence. That centralization, splendor, poverty, and weakness are close companions, is a fact whose truth is proved by every page of history; but by none more fully than by those which recount the histories of France and Spain, in which latter the gradual debasement of the coin was continued until 1786.

Such, too, was the course of affairs in Scotland — the coin of the realm having been falsified to so great an extent, that the present Scottish pound represents but a thirty-sixth part of its original weight.

Down to the days of Edward III., the English pound contained a full pound of silver, of certain and well-known fineness. The pursuit of glory, and incessant wars, forced that monarch, however, to the adoption of frauds similar to those which had so long been practised by his neighbors across the Channel; and, once begun, the practice was continued until, within the two succeeding centuries, the pound had lost two-thirds of its original weight. Less warlike than those of France, the sovereigns of England found themselves less frequently reduced to the disgraceful necessity of tampering with the currency as a means of plundering their subjects; while the latter — being more free — were less disposed to submit to such exactions.

Money being to society what food is to the body — the cause of motion — rapidity of circulation is as much required in the one as in the other, and the greater it is, the more perfect will be the power of association, and the more certain the progress. That circulation might be rapid, it was indispensable that steadiness of value should be maintained. Centralization stopped this motion, that taxation might be increased. The more frequently the money of France could be made to pass into, and out of, the treasury of Philip the Fair, the more frequent were his opportunities to carry into effect the trader's principle of buying silver in the cheapest market and selling it in the dearest one.

§ 7. The state of things above described it was, that led to the formation of the Bank of Amsterdam, the first institution of the kind, of any importance, established exclusively for the promotion of commerce—its predecessors of Venice and Genoa having been devoted more to the management of affairs of state than those of individuals. It, on the contrary, looked wholly to the faithful guardianship of the money deposited with it for safe-keeping—guaranteeing to its owners that equivalent quantities of the precious metals should always be at their command. For the faithful performance of its duties, the States-General of Holland became security to the world; as a consequence of which, the bank became at once the centre of the moneyed world—making of the city in which it was established, the chief European market for the precious metals. Money now flowed out from private hoards, and thus was utilized; but, with augmentation of the quantity in market, its value tended necessarily to decline, to the great advantage of land and labor. Hamburg, Nuremburg, and Rotterdam speedily following the good example, there were thus provided for the countries watered by the Rhine, the Weser, and the Elbe, places of secure deposit for money, and facilities for exchanging it freed from the taxation of French or German sovereigns.

The whole proceeding was a measure of resistance to arbitrary power. For it, the world was indebted to the action of small and independent communities, in which was largely developed that spirit of association which always accompanies diversification of employments, and the development of individual faculty. In no part of Europe were the tendencies in that direction so strongly exhibited as in Holland and the adjacent countries, then the seats of manufacture for the world. Raw materials being high in price, while finished commodities were cheap, the former flowed steadily in as the latter flowed out. Labor being everywhere economized, capital grew with great rapidity—facilitating the cultivation of the richer soils, and enabling their occupants to draw from them tons of food, while in England the returns to labor still counted by bushels only. It was the fitting place in which to organize resistance to a system, that gave to kings and princes absolute power over the most important of all the machinery of society.

§ 8. As yet, however—these being only simple deposit banks — any augmentation of the currency thence resulting, was merely that which was consequent upon increased security and increased facility of transfer. Once placed therein, money might remain for centuries as useless to the community as if deposited in a cave of the earth, unless the owner had *the will to use it*. At the next stage, we meet with banks of discount. To understand the effect of this upon the currency, let us suppose all who had money in the vaults at Amsterdam to have been moved to have *the will* to use it profitably to themselves, and, with that end in view to have accepted certificates of stock—being thus changed from creditors of the institution into proprietors of it. The instant effect of this would be that of diminishing the currency by the whole amount of capital, as all the depositors would have parted with the power to transfer their money, or to use it in any manner whatsoever. The bank, however, having acquired the power they had lost, the volume of the currency would be restored so soon as it had accepted from other persons their notes, or bills, to an equal amount, in exchange for similar sums placed to their credit on its books.

The apparent amount of currency would now be restored, but the real one would be materially increased, and for the reason, that the whole had passed into the hands of men of business, paying interest for its use, and anxious not only to obtain that interest, but also a profit thereon, as compensation for their services. Previously to this, much of it must have been owned by small and distant capitalists — persons whose position in society, or whose places of residence, unfitted them for judging of the character of the securities that might be offered; and who, therefore, preferred that it should remain idle and unproductive in the bank. Combining now with men of various knowledge, residents of the city in which the money had been placed, they obtain security — each and every of the managers being required to take his share of any loss that may be suffered, and therefore directly interested in seeing that the money is safely placed. Another stage of progress being thus accomplished, its effects are seen in an increase in the utility of money, and a diminution of its value—with corresponding diminution in the proportion borne by it to the commerce that is maintained, and in the rate of interest.

§ 9. Thus far, as will be perceived, the bank has traded upon its capital only, having merely passed to the credit of individuals the coin, or bullion, placed in its vaults by the various stockholders. Were it here to stop, the dividends on its stock would be less than the ordinary rate of interest — its only source of revenue being so far found in the discount received from those to whom its capital has been loaned, and the expenses of management being large. Experience, however, would teach the directors, that although all the persons who borrowed their money desired to use it, all did not so desire at the same moment—A, B, and C having considerable sums at their credit on days when D, E, and F desired to borrow more, and the latter having money in excess when the former needed to borrow ; and that, in point of fact, although all their capital was drawing interest, much of it remained constantly in their vaults. These things being seen, it would be clear to them that they might, with perfect safety to themselves and to those with whom they dealt, lend one-half of the sum ordinarily in their hands — extending their business to a fourth or a third beyond the actual capital, and thus obtaining an excess of interest sufficient for paying the expenses of the institution, and providing against losses that might occasionally be incurred. To their customers this would be advantageous, because it would enable the bank to dispense with the accustomed charge for keeping their money, transferring it, or paying it out. To the community it would be beneficial, because it would increase the utility of the stock of money and quicken the motion of society, with constant tendency to the further and more rapid increase in the supply of the precious metals, and decline in the rate of interest.

What, now, would constitute the currency ? Every man would have it who had money in his pocket, or his desk ; and so, too, would every one who had a credit on the books of the bank—the power of purchase with the one being as complete as it could be with the other. The currency would then consist of the money in circulation, and the debts of the bank to its customers, the latter generally known by the name of deposits — its amount having been increased by the operation here described, to the precise extent that those debts exceeded the coin it was accustomed to

retain in its vaults, with a view to be prepared for the demands that might be made upon it by those to whom it was indebted.

§ 10. The closing years of the seventeenth century witnessed the origin of the most influential moneyed institution the world has yet seen, the Bank of England — authorized to receive deposits, to make discounts, and to issue circulating notes, by means of which the property of individuals in its hands could be transferred without even the ceremony of visiting the banking-house, or of drawing a check, as had been required in other banks — having then been instituted. Here was a further great improvement, tending to increase the utility of money, to diminish its value, and greatly to lessen the proportion that could be demanded, as interest, for its use. Scarcely yet established, however, we find the proprietors obtaining the passage of a law by which it was provided, that all who desired to place their money on deposit should be limited to a choice between mere private individuals on the one hand, or their own great bank on the other. Like the Bank of Amsterdam, the last *could* furnish the highest security, and the object of the law was to prevent the application of the principle of association to the formation of any other by which it might be given—thus, in effect, requiring all who sought to have such security to look to the single bank. Centralization being thus established in regard to the trade in money, as it had already been in reference to that with the Levant, the East Indies, and other countries, a single corporation now assumed the entire control of a currency, that was to be managed for the benefit of the few persons interested in its stock.

Of working capital it had none—the whole amount, £1,200,000, having already been paid to, and expended by, the government, which allowed for its use a certain annual sum. All its trade was to be based on the property of others in its hands, placed there by those who might desire to have their funds securely kept, or by those who used its notes ; and such is yet, to a great extent, the case.

The larger the amount of its debts, the greater being its power to make loans, and the larger becoming its dividends, there was thus at once produced an interest antagonistic to that of the so-

ciety in which it operated. Whatever tended to diminish security elsewhere, tended to increase the necessity for resorting to the one great institution that allowed no interest to its creditors. Further, whatever tended to lessen the facility of association, tended equally to augment the difficulty of finding satisfactory modes of investment — thus increasing the quantity of money lying, unproductive to its owners, in the vaults of the bank, to be used, or not, at the discretion of the directors, and for the profit of the bank alone. If they had the will to use it, they could thus augment the volume of the currency — having done which, they could, by another exercise of will, withdraw it, and thus produce those changes with which in modern times we have become so well acquainted—financial crises having become so common, that they are expected to occur at certain and brief periods, and with a regularity approaching that of the changes of the seasons.

§ 11. For the benefit of those who have not traced the operation of an expansion, it will be proper here to show the manner of its action. For that purpose, let us suppose, first, a state of affairs in which every thing is at par—money being easily obtained for good notes at a fair rate of discount, and for mortgages at the usual rate of interest; while those who have disposable means can readily obtain good securities, that will yield them the common rate of profit — the daily supply of money and of securities being equal to each other. In this state of affairs, the directors of the bank—knowing that it would be profitable to increase their investments to the extent of another million—purchase that amount of exchequer bills, or other securities. At once the equilibrium is disturbed — a demand for securities having been produced in excess of the ordinary supply. Prices rising, some unfortunate holder is tempted to sell — hoping that there will be less demand to-morrow, and that then prices will fall, permitting him to buy in again at a lower price. At the close of the day, his bills, or notes, have become the property of the bank—he and others who have united to furnish the desired million, having become creditors on its books for the whole amount. His money being now uninvested, he appears in the market on the next day as a purchaser; but, unfortunately for him, the bank, too, makes its ap-

pearance again in the same capacity. The first experiment has been attended with vastly fortunate results — its “deposits” having grown with the increase of its investments. Such success emboldening it to repeat the operation, another million is purchased, with similar results. The bank obtains the bills, and the owners receive credits on its books; and the more debt it thus contracts, the more means it supposes itself to have at its command. With the second million, prices have further risen; with a third, they rise still higher; and so on with each successive million. *Money* appears to be superabundant, because the former owners of these millions of securities are seeking for profitable investments; whereas the real superabundance consists only in *debts* incurred by the bank. Prices advancing from day to day, and a speculative disposition being engendered by the rapid growth of fortune, new stocks are now created for the purpose of employing the great amount of surplus money. New railroads are therefore projected, and vast contracts are made — boundless prosperity being in view. Men who should be raising corn are set to breaking up old roads, that they may be replaced with new; or to building palaces for the lucky speculators. Immense orders being given for iron, bricks, and timber, prices rapidly advance, and England becomes a good place to sell in, but a bad one in which to buy. Imports increase, and exports decrease. Bullion going abroad, the bank is forced to sell securities. Prices falling, business is paralyzed. The roads, half made, cannot be completed. Tens of thousands of people find their property to have disappeared, and the bank—with difficulty escaping from the ruin it had made — rejoices at the result of its operations, and prepares to repeat them at the first opportunity. Such is the history of 1815, '25, '36, '39, and '47; at all of which periods, the bank — having manufactured “deposits” by monopolizing securities — was then itself misled into the belief that the increase of its own debts, indicated an actual surplus of money. Whenever that institution purchases a security — always the representative of some already existing investment — the person from whom it is purchased will unquestionably use the means placed at his command, for the creation of some new species of investment — no one willingly permitting his capital to lie idle and unproductive. If this purchase be made with the money

of others, the inevitable effect must be to raise prices, and stimulate the late owner of the security purchased to increased activity in providing the new investment. That done, he will, either directly or indirectly, demand payment in gold, and then the security must be parted with to provide the means of payment. Prices must then fall, because the creditor of the bank has been laboring to find employment for capital which had no real existence in any other form than that of a railroad, or canal, or some other public work, or debt, already created, and not susceptible of being used for the formation of other roads or canals; and thus, while the party outside of the bank has been trying to invest his funds, the bank itself has been holding the evidence of their being already invested, and drawing interest for their use. A double action having thus been produced, inflation and speculation, to be followed by panic and ruin, were its necessary consequences.

§ 12. The above brief sketch is given here, merely as an illustration of the effects that naturally and necessarily result from granting to private individuals an exclusive control of the movements of the great instrument, a proper supply of which is so indispensable to the regular and healthful movement of the societary machine. Philip the Fair having changed repeatedly the weight of the coin that was used by his subjects, it is usual in modern times to speak of such proceedings in terms of the highest censure; yet all the difficulty thence resulting, shrinks into utter insignificance when compared with the effect of expansions and contractions like those above referred to. His changes affected the merchants and people of Paris, and of a few other towns and cities, but in reference to the great mass of the exchanges of the kingdom they were entirely unfelt—labor being then generally given for food and clothing, as is now the case in the southern United States, in Brazil and Cuba. Now, however, the case is widely different—the slow-moving society of the days of the Valois having been replaced by the rapidly-moving one of those of the Bourbons and the Bonapartes, with corresponding power for good or evil. Well directed, the locomotive and its train can accomplish a greater amount of good than the horse and the wagon to which he is attached; but, ill directed, the passage towards destruction is far more certain.

A bank is an instrument of great power, either for good or evil. Well directed, it tends to the production of regularity of movement and certainty of result; and then it is that the latent faculties of man become developed—that agriculture becomes a science—that commerce grows—and that men become more free. Ill directed, it tends to the production of irregularity of movement—thus stimulating the gambling propensities of man, and carrying him back towards that state of barbarism in which he becomes more and more the slave of nature and of his fellow-man.

That these latter effects have been produced, has long been clearly obvious; and their cause being found, by some economists, in the power to issue circulating notes, a remedy has been attempted to be applied in the form of restrictions upon its exercise. So far are they, however, from producing the effect desired, that instability has grown with the growth of restriction, as is proved by all the experience of Great Britain and the United States—the changes in the value of money since the passage of Sir Robert Peel's law in the one, and the adoption of the policy of General Jackson in the other, having been greater than had ever before occurred in a time of peace.

Such should be the case; and for the reason, that the policy of both is directly opposed to all that, reasoning *à priori*, we should expect *would* be true, and to all that, reasoning *à posteriori*, we find to *have been* true. *All commodities tend to move towards the places at which they are most utilized.* Here is a simple proposition whose truth is proved by all experience. The circulating note gives to its holder a right of property in a certain quantity of money lying in the vaults of a bank—while placing it in his power to change at will the ownership therein, and without the smallest expenditure of labor. So is it, too, with the establishment of a place of secure deposit for money, the property in which can be changed by means of checks. The note and the check increase the utility of the precious metals; and therefore it is, that money tends to flow towards those places at which notes and checks are most in use—passing, in America, from the Southern and Western States towards the Northern and Eastern ones, and from America towards England, the country in which the facility of transfer has always been most complete.

Such are the effects of an increase in the utility of money.

When, however, the *regulation* of the currency is placed in the hands of individuals, and when their profits increase with the adoption of measures by which stability and regularity are to be destroyed, directly the reverse of this is seen. By improper expansions of their business, they lessen the utility of money in the hands of its owner — thus forcing him to seek elsewhere the employment that is denied to it at home. That done, they increase its utility in their own hands by raising the rate of interest; and thus it is, that an instrument of the highest power for good is made to be the cause of the greatest evil. It would be better, as has before been said, that the explosive force of gunpowder, and the mighty power of steam, had remained unknown, than that their exclusive use should have been secured to any nation of the world; and better, far, would it be that the art and mystery of banking had remained unknown, than that its powers should longer be allowed to be monopolized by any particular set of men. More than any other, the trade in money requires freedom; yet, more than any other, has it been hedged around with restrictions designed for the benefit of a favored few, whose movements have always been directed towards giving to the accumulations of the past an increased control over the labors of the present. That way lies barbarism; and it is because that English banking tends in that direction, that British journalists, and Carolina owners of negro slaves, have been led to find in measures looking to the protection of the capitalist against the laborer, the surest road to the most perfect civilization.*

* See *ante*, vol. i. p. 239.

CHAPTER XXXIV.

THE SAME SUBJECT CONTINUED.

V. — *Of Banking in England.*

§ 1. The tendency to stability in the material world being in the direct ratio of the approach to the pyramidal form, we should find this to be as true in relation to the works of man as in regard to those of nature herself. So, in fact, it is—the huge piles of masonry erected by the Egyptian kings having proved themselves almost as durable as are the mountains of the Atlas, or of the Himalaya. So is it, too, with the trading world—the man whose business has a large base, and whose liabilities are small while his credits are large, standing secure amid gales that wreck by thousands those of his fellow-merchants whose operations are based upon the capital of others, and whose liabilities bear, therefore, a large proportion to their claims upon those with whom they trade. So, again, is it in the financial world—the bank which trades chiefly upon its own capital, being enabled to ride securely through the severest and most long-continued storm, while its neighbor, with debts in large proportion to its credits, can scarcely stand unmoved before even a brisk summer's wind.

Seeking for such banks as are first above described, we must turn to the New England States. For the most striking examples of the latter class, we must look to England herself, and especially to the Bank of England, based, as was that institution, upon a mere annuity payable by the government—and trading, as it has always done, almost entirely upon the means of others, and not upon its own. The merchant who should commence his operations by sinking his capital in a fixed annuity—trusting to obtain on credit all the commodities he desired to sell—would find his condition a very unstable one; and that, precisely, having been the course of this great institution, it is no matter for surprise

that its course throughout should have been distinguished by instability and irregularity. Containing within itself all the elements that in the case of an individual would lead to such results and exercising a power compared with which that of the Plantagenets and the Lancasters was utterly insignificant, it has effected greater changes in a single year than with them required a series of centuries.

To reduce the real value of the pound from 20s. to 6s. 8d., while yet preserving the original name — thus making a single ounce pass current in the place of three — was a constant movement in the same direction — all remaining quiet from the date of one reduction, until the arrival of the period at which a further one was deemed to be required. In the case of the bank in question, however, all is different — the value of money being raised at one moment and depressed at another, and changes being thus effected, to the extent of fifty or sixty per cent., at intervals so brief as to be counted by weeks, or months. The one great institution profits by this unsteadiness of operation — the less the credit accorded to individuals or to other banks, the greater being the necessity for regarding it as the only place of secure deposit — the larger being the amount of money placed at its command — and the larger being the dividends upon its stock. The interests of the bank and those of the community are thus antagonistical; and yet, to the former is committed the direction of the great machine upon whose proper management is as entirely dependent the continuity and rapidity of circulation in the latter, as is the circulation of the blood upon a proper supply of food and air. Being a very remarkable system — one that not only has exercised, but still exercises, a vast amount of influence — we are required to examine it at a length somewhat proportioned to its importance.

§ 2. “In the reign of William,” says Mr. Macaulay, “old men were still living who could remember that there was not a single banking-house in the city of London. So late as the time of the Restoration, every trader had his own strong box in his own house, and, when an acceptance was presented to him, told down the crowns and Caroluses on his own counter. But the increase of wealth had produced its natural effect — the subdivi-

sion of labor. Before the end of the reign of Charles II., a new mode of paying and receiving money had come into fashion among the merchants of the capital. A class of agents arose, whose office was to keep the cash of the commercial houses. This new branch of business naturally fell into the hands of the goldsmiths, who were accustomed to traffic largely in the precious metals, and who had vaults in which great masses of bullion could lie secure from fire and from robbers. It was at the shops of the goldsmiths of Lombard street that all the payments in coin were made. Other traders gave and received nothing but paper.

“This great change did not take place without much opposition and clamor. Old-fashioned merchants complained bitterly that a class of men who, thirty years before, had confined themselves to their proper functions, and had made a fair profit by embossing silver bowls and chargers, by setting jewels for fine ladies, and by selling pistoles and dollars to gentlemen setting out for the Continent, had become the treasurers, and were fast becoming the masters, of the whole city. These usurers, it was said, played at hazard with what had been earned by the industry and hoarded by the thrift of other men. If the dice turned up well, the knave who kept the cash became an alderman: if they turned up ill, the dupe who furnished the cash became a bankrupt. On the other side, the conveniences of the modern practice were set forth in animated language. The new system, it was said, saved both labor and money. Two clerks, seated in one counting-house, did what, under the old system, must have been done by twenty clerks in twenty different establishments. A goldsmith's note might be transferred ten times in a morning; and thus a hundred guineas, locked in his safe close to the Exchange, did what would formerly have required a thousand guineas, dispersed through many tills, some on Ludgate Hill, some in Austin Friars, and some in Tower street.”*

Money having been thus utilized, and the circulation of society being thus quickened, it is not extraordinary that it should soon have been deemed expedient to take the further and greater step, of establishing an institution somewhat similar to those already existing in Amsterdam and other cities. The last decade of the seventeenth century, therefore, witnessed the creation of the

* MACAULAY: *History of England*, vol. iv. chap. xii

Bank of England—differing from its predecessors, however, in the fact, that while they had been instituted in the public interests alone, and with a view to the maintenance of an unvarying standard with which to compare the value of other commodities, this was a mere trading corporation, having for its sole and exclusive object that of making profit for the parties interested in its management. The former gave certificates in exchange for gold or silver deposited with them, and all the parties through whose hands they passed felt perfectly secure that the metals which thus were represented were actually in their vaults. The quantity of money *apparently* at the command of the community, was therefore precisely that which was *really* subject to its order—not the slightest difference having been produced therein by the granting of the certificate. The latter, in like manner, gave certificates in exchange for the precious metals, but, instead of keeping them in its vaults, it lent them out again. The power of the depositor over his money remaining undiminished, while a new and additional power was thus created, the *apparent* quantity of money in circulation was thereby doubled, while the *real* one remained unchanged. The English system — tending, as it did, more to the utilization of money — was much more perfect than the continental one. For the very reason, however, that it was more powerful for good, it was also greatly more so for evil—the more perfect the form of the ship, and the more rapid her motion, the greater being the force with which she strikes upon the rocks when badly guided. The form here adopted having been better than any that had yet been known, all that was now required was the extension to all other persons desiring to associate for the purpose of trading in money, of the power to exercise rights similar to those granted to the stockholders of the Bank of England. That, however, was not done; and hence it has been, that an institution capable of rendering so much service to mankind, has been productive of so vast an amount of injury.

Of its history it is only necessary here to say, that at its first establishment it was secured in the enjoyment of no exclusive privileges. By degrees, however, its nominal capital was enlarged, until, in 1708, it had more than trebled in amount; while its influence had so much extended as to enable it to obtain the passage of an act of Parliament prohibiting the application of the

associative principle to the trade in money, in any case in which the partners should be more than six in number. Power was thus centralized, to the great advantage of a few stockholders — with corresponding loss, however, to the rest of the English people, all of whom were thus deprived of the right to determine for themselves their mode of action in regard to the management of the most important of all the machinery of exchange in use among mankind. By means of the control of the currency thus secured, the dividends, notwithstanding the sinking of its nominal capital in an annuity at the rate of three per cent., were gradually carried up to no less than ten per cent. — the whole difference between those quantities being obtained by such a use of credit as made the apparent amount at the command of the community greatly larger than was the real one.

§ 3. Trading thus altogether on its liabilities, and, with the exception of its surplus profits, employing no capital of its own, the movements of the bank will be made more clear by placing — in the following brief sketch of its operations in the last sixty years — under a single head, that of debt, the amount of its circulation, and of the credits on its books; and opposite thereto the quantity of bullion in its vaults — the latter representing the whole amount of capital it had borrowed, and had not lent out.

On the 31st of August, 1796, the amount of its debts was £15,903,110 — all of which had been invested except the small amount of £2,122,950. Soon thereafter, various circumstances occurred tending to the diminution of confidence in the institution, and in the following February, when that stock of bullion but little exceeded a million, an order of council was issued, authorizing the bank to discontinue the payment of its debts. Thenceforward, during nearly a quarter of a century, its paper constituted the sole legal currency of the country; and how that currency was managed is shown by the following figures:—

	Debts.	Bullion.
August, 1797	£18,879,470	£4,089,620
“ 1804	26,869,420	5,879,190
“ 1812	34,875,790	3,099,270
“ 1814	43,218,280	2,097,680
“ 1815	39,944,670	3,409,040

The circulation having amounted in this latter year to £26,000,000, it follows, that, of the notes and bills then held, no less than £10,000,000 represented the property of others deposited in its vaults. Receiving interest for its use, while paying none, the bank was enabled to give to its stockholders double the usual rate of interest — always a sign of error in the system.* The real owners of those millions were, and felt themselves to be, as fully possessed of the power of purchase as they could have done had they had the gold itself in their hands; and yet it was neither in their possession nor in that of the bank, but in that of a third set of persons, to whom the latter had loaned it out. These £10,000,000 had the same effect upon prices as if their number had been doubled — having become, for the moment, to all intents and purposes, £20,000,000. This double action was a consequence of the cupidity of the bank itself, in seeking to monopolize securities, and thus preventing the free investment of individual capital. The more perfectly that object could be accomplished, the larger, necessarily, would be the debts of the institution, and the greater would be its dividends; but the more unsteady must be its action, as soon was proved to be the case.

§ 4. By 1817, the bullion had increased to £11,668,000, while the liabilities of the institution had fallen to £38,600,000. Its loans of borrowed capital were therefore only £27,000,000, or less by £2,000,000 than the amount of its circulation, which had then increased to £29,000,000. By the very simple operation of calling in its claims on one hand, and reducing its liabilities on the other, it had reduced the apparent quantity of money at the command of the community, to the extent of £12,000,000, or little short of \$60,000,000. So far as regarded the operations of society, this was equivalent to a total annihilation of that large sum, and to that extent, a contraction of the standard by which the community was required to measure the value of all other commodities and things. Had the yardstick been doubled in length, or the pound in weight, for the benefit of all persons

* In addition to these large dividends, it was gradually accumulating a surplus that in 1816 amounted to more than £8,000,000, which was then added to the nominal capital. Then, as before, the addition took the form of an annuity payable by the government.

who had contracted to purchase cloth or corn, the injury inflicted would have been trivial by comparison with the change that was thus effected. As compared with the property of the people of Great Britain, that sum was utterly insignificant, yet did its abstraction cause an arrest of the circulation almost as complete as would be that produced in the physical body by stoppage of the supply of food. Farmers and merchants were everywhere ruined. Of the country banks, no less than two hundred and forty—being one in four of their whole number—stopped payment; while one in ten and a half became actually bankrupt. “Thousands upon thousands,” says Mr. McCulloch, “who had, in 1812, considered themselves affluent, found they were destitute of all real property; and sunk, as if by enchantment, and without any fault of their own, into the abyss of poverty.” Throughout the country, there was, to use the words of Mr. Francis Horner, “an universality of wretchedness and misery which had never been equalled, except perhaps by the breaking up of the Mississippi Scheme in France.”* *In the midst of all this ruin, however, the bank prospered more than ever, for the destruction of private credit rendered its vaults and its notes more necessary to the community.*

The groundwork having thus been laid by the bank, Parliament passed, in 1819, an act providing for the resumption of specie payments, and thus re-established, as the law of the land, the standard that had existed in 1797 — among the most remarkable measures of confiscation to be found in the annals of legislation. For more than twenty years, all the transactions of the United Kingdom had been based upon a currency less in value than that which had existed in 1796. In the course of that long period, land had been sold, mortgages given, settlements made, and other contracts of a permanent nature entered into, to the extent of thousands of millions of pounds, the terms of all of which were now to be changed for the benefit of the receivers of fixed incomes, and to the loss of those who had land, labor, or the produce of either, to sell. As a necessary consequence, land fell exceedingly in price, and mortgagees everywhere entered into possession. Labor became superabundant, and the laborer suf-

* Quoted by Mr. McCulloch, Note ix. to his edition of the *Wealth of Nations*.

ferred for want of food. Machinery of every kind was thrown out of use, and manufacturers were ruined. Manufactures, being in excess of the demand, were forced upon foreign markets, to the ruin of the capitalists and workmen, miners and machinists, of the other countries of the world.

Peace had brought with it widespread ruin, but it everywhere enriched the money-lender — *his* commodity rising, while land became so cheap that he could purchase at less than half its previous price. The annuitant and office-holder profited—their dividends and salaries having become payable in coin, that would purchase double the quantity of food and clothing for which they had at first contracted. Farmers and laborers, mechanics and merchants, were impoverished—their taxes remaining unchanged, while their labor, and its products, commanded less than half the money for which they would before have sold.

§ 5. By some British writers, the series of measures above described has been greatly lauded, while by others it has been as much condemned. Which of these are right, the reader will decide for himself, after reflecting—

That the progress of man towards civilization, is *invariably* attended by an increase of the power of the labor of the present over the accumulations of the past :

That his progress towards barbarism is in the reverse direction — the capital accumulated in the past then *invariably* obtaining more power over the labor of the present.

Which of these was the effect produced ? Did the course of the government* tend to lighten the burden of rent, taxes, or

* Mr. McCulloch [Notes to *Wealth of Nations*, article *Money*] says, that “the destruction of country bank paper had already raised the value of the currency to within about three per cent. of the standard, so that the act of 1819 did little more than maintain the currency at the elevation to which it had been raised by accidental circumstances.” This is true, but what were those circumstances, so purely “accidental,” by which a change in the value of property was effected — counting by thousands of millions of pounds ? They were the contractions of the bank, which — after having, during a series of years, labored to increase the apparent quantity of money at the command of the community — now found itself under the necessity of reducing it to the real one. Such could not have been the case had not the restoration of the old standard been in the contemplation of the government, which latter, by the act of 1819, only sanctioned what it had itself previously done through the instrumentality of the bank. In thus attributing to

interest? If it did, then did it tend towards civilization. That it did not, is shown in the facts, that farmers were everywhere throughout the kingdom ruined by the demands for the enormous rents whose payment had previously been agreed for; that the taxes remained unchanged, while the prices of food and labor declined; and that interest upon mortgages continued as great, when required to be paid in coin, as when it had been contracted for in the days of paper. The burdens to be borne by land and labor were doubled in amount, for the benefit of those classes, and those alone, which lived by the exercise of their power of appropriation; and that is always the road towards barbarism. Hence it was, that the return to peace, which should have been hailed as a blessing, was generally regarded as a curse.

§ 6. Scarcely had this destructive measure ceased to be felt in the general operations of society, when the bank was found repeating the experiment of augmenting the *apparent* quantity of money, and thus shortening the standard for the measurement of values, preparatory to another and similar return to the *real* quantity, by which the standard should again be lengthened. With the substitution of gold for one-pound notes, and with the gradual re-establishment of credit among the country banks, its circulation had fallen from £29,000,000 in 1817 to but £17,000,000 in 1822. Thereafter, commenced a system of expansion, by means of which that portion of its debts called "deposits" was nearly doubled—having been carried up from £5,840,000 in 1821 to £10,316,000 in 1824. There was, therefore, a general appearance of prosperity; and this continued until the holders of the capital thus rendered unproductive, had provided for themselves new investments, when, all at once, the scene was changed—adversity then succeeding to prosperity—property falling everywhere in value, while labor became surplus and unemployed—and the bank itself being saved

"accidental circumstances" a great phenomenon corresponding precisely with those of 1825, '36, '40, and '47, Mr. McCulloch furnishes proof conclusive of the error of the doctrines in regard to money of which he is the advocate. Like effects have like causes. In each and every case, the cause was to be found in the existence of a monopoly power, the value of which was not only not to be impaired, but must be greatly increased by so using it as most to injure private credit. Centralization and discord travel always in company with each other.

from stoppage only by the lucky discovery of a parcel of one-pound notes that could be used in place of gold.*

A few years later, we meet with another repetition of the operation. The amount of the bank debts, called deposits, which,

* The following passage, descriptive of the state of affairs at the period above referred to, [1825,] furnishes proof conclusive of the mischievous effects of monopoly power, and of the extraordinary effect resulting from changes in the currency most diminutive in their extent:—

“In the end of November, the Plymouth Bank failed: this was followed, on the 5th of December, by the failure of the house of Sir Peter Pole & Co., in London, which diffused universal consternation, as it had accounts with forty country bankers. The consequences were disastrous in the extreme. In the next three weeks, seventy banks in town and country suspended payment; the London houses were besieged from morning till night by clamorous applicants, all demanding cash for their notes; the Bank of England itself had the utmost difficulty in weathering the storm; and repeated applications were made to government for an order in council suspending cash payment. But this was steadily refused as long as the bank had a guinea left; and meanwhile the consternation over the whole country reached the highest point. Every creditor pressed his debtor, who sought in vain for money to discharge his debts. The bankers, on the verge of insolvency themselves, sternly refused accommodation even to their most approved customers; persons worth £100,000 could not command £100 to save themselves from ruin: ‘we were,’ said Mr. Huskisson, ‘within twenty-four hours of barter.’ In this extremity, government, despite their strong reliance on a metallic currency, were fairly driven into the only measure which could by possibility save the country. It was evident to all what the crash which threatened universal ruin was owing to: it arose from the currency of the country being suddenly contracted from the drain upon the banks for specie, at the very time when an expansion of it was most called for to sustain the immense pecuniary engagements of its inhabitants. The remedy was obvious—expand the circulation, irrespective of the drain of gold. This, accordingly, was done by government. Immediately after the failure of Pole & Co.’s bank, frequent cabinet councils were held; and it was at length wisely determined to issue one and two pound notes of the Bank of England for circulation. Orders were sent to the mint to strain every nerve for the coinage of sovereigns; and for a week one hundred and fifty thousand sovereigns were thrown off in a day. But here a fresh difficulty presented itself. Such was the demand for Bank of England notes, to fill the void occasioned by the general discrediting of the country bankers’ circulation, that no amount of strength applied to the throwing them off could enable the bank to keep pace with it. In this dilemma, when the specie in their coffers was reduced to £1,000,000, and the run was daily increasing, an accidental discovery relieved the bank of their immediate difficulties, and enabled them to continue the issues to the country bankers which saved the country from total ruin. An old box, containing £700,000 in one and two pound notes, which had been retired, was accidentally discovered in the Bank of England, and immediately issued to the public. By this means the adequate circulation was kept issuing till the new notes could be thrown off. The effects were soon apparent. The people, having got notes, abated in their demand for gold; confidence began to revive, because the means of discharging obligations were afforded; and at a meeting of bankers and merchants in the city of London, resolutions declaratory of confidence in government and the Bank of England were passed, which had a great effect in restoring general confidence.” — ALISON: *History of Europe*.

in March, 1832, was £9,318,000, became, by 1835, £20,370,000 — having thus been more than doubled. Now came the crisis — the bank again forcing securities on the market, and thereby destroying the value of property to such an extent as to enable it, in the following year, to reduce the credits on its books to £13,830,000.

Only two years later, the performance was again repeated. In this case, however, but a single year was required for bringing about the change—the month of October, 1837, having exhibited the institution in a condition so entirely unmanageable, as to have been saved from bankruptcy only by means of aid granted by the Bank of France. Commerce almost ceased; distress was nearly universal; manufacturers and merchants were ruined; but the bank made its usual dividends, while money-lenders and annuitants were enriched. Such having been the uniform effect of all its movements, we are thus afforded a key to the extraordinary changes in the ownership of property throughout Great Britain—changes which have resulted in a reduction of the number of land-owners to one-sixth of that at which it stood in the days of Adam Smith. Stability and regularity tend to produce division of the land and elevation of the agricultural laborer. Instability tends towards consolidation of the one and degradation of the other; and such are the results that have been here obtained.

§ 7. The frequency and extraordinary extent of these changes having produced doubt as to the capacity of those to whom the management of the currency had been entrusted, there arose a strong desire to ascertain by what laws, if any there were, the institution was governed. A parliamentary commission having been instituted, numerous witnesses were examined; but as the evidence they gave generally indicated a very slight acquaintance with the laws of trade, the committee failed to discover the laws they sought. The only conclusions at which they could arrive were, that it was administered without reference to any principle whatsoever—that its movements were invariably those of momentary expediency—and that the dangers and difficulties which had just occurred were likely to be reproduced on the first occasion. Such having been clearly shown to be the case, it was deemed necessary, on the renewal of the charter, to endeavor to subject

its action to some certain law—thus fitting it to become the regulator of that of others. Hence it is that we have now the Bank Restriction Act of Sir Robert Peel, whose name is thus associated with two of the most remarkable acts in the history of the British monetary system, neither of which, however, can be regarded as affording any indication that he had given to the subject the attention demanded by its great importance.

Less than three years later, the scenes of 1825 were again exhibited—a spirit of the wildest speculation, promoted by the bank, having yielded to one of universal panic. Consols then fell to 80, while railroad stocks declined to half their previous value. The rate of interest rose to ten per cent.—the government itself being forced to borrow at five for the supply of its daily wants. Dealers in corn, cotton, and bullion were again proscribed; and thus were repeated once again the phenomena of 1816, '25, and '37. Deputations from the various cities claimed of the Minister a suspension of his law—assuring him that large orders remained unfilled for want of the means required for their execution; while operatives, by thousands, were standing idle, because of inability to sell their labor. The bank itself, with bankruptcy staring it in the face, was compelled to enlarge its loans when it desired to contract them—there being thus exhibited, and for the third time in a single decade, the spectacle of a great institution aspiring to regulate the trade of the world, yet totally unable to manage itself. An order of council finally repealed the law for the time being—thus furnishing conclusive evidence of the want of knowledge of the persons to whose influence the new system had been due.

Such is the condition of the people of England under the control of its great monopoly institution. They are dependent upon the chance measures of a body of gentlemen, no one of whom has ever yet been able to explain the principles by which he is governed in the administration of the powerful instrument in the management of which he is placed. All of them, in their capacity of stockholders and directors, have a *direct interest in producing changes in the currency*, because, by so doing, they lessen the public confidence, and thus increase the necessity for looking to their own vaults as the only place of secure deposit.

§ 8. The new system had failed to produce the effect desired — having given no steadiness in the supply of money, nor in its value. By some, the fault was found in the law itself; but its author, of course, asserted, that if the bank had acted “in the spirit of the law of 1844,” such difficulties could never have occurred. Ready to find the cause of difficulty in “the extraordinary spirit of speculation,” he was well disposed to close his eyes to the real cause — the radical defect of his own measure, which professed to regulate the action of the great machine, but failed to do so. Had it so done, the directors would have found themselves *compelled* to act in accordance with both its letter and its spirit; and there could then have been no such speculation as that which had just been witnessed. Had it so done, the difficulties naturally attendant upon short crops would not have been aggravated, as they were, by the total prostration of trade, the discharge of workmen, and the impossibility of obtaining wages to be used in the purchase, at any price, of the necessaries of life.

The trade in money requires no more law than that in shoes. It demands, on the contrary, perfect freedom — being so vastly greater in amount, that interference to the extent of half of one per cent., is productive of more injury than would result from an interference that should affect the price of shoes to the extent of a hundred per cent.*

Nevertheless, such are the penalties, prohibitions, and liabilities imposed upon all who desire to associate for the purpose of utilizing the precious metals, and so numerous are the monopolies invested with the control of the money trade, that of all commodities theirs is most subject to sudden alteration in its value. The regulation of the currency is held to be one of the functions of the government; and, as has before been shown, for the reason, that it has at all times afforded to those in power a mode of taxation of all others the most simple and convenient. That of Great Britain has transferred it to the bank — an institution by which the duty is so performed, that at one time money is cheapened, and the state is enabled to reduce the rate of interest on its debts; while at another it becomes dear, and those who have accepted

* Every contract for the purchase or sale of any commodity, or property, involves a contract for the delivery of a quantity of money equivalent to the price. The trade in money is therefore equal in amount to the sum of the prices of all commodities, and properties, and labor, sold.

new stock in exchange for old, find that they have parted with a considerable portion of their property — receiving nothing in exchange. Lose, however, who may, the stockholders of the bank are always secure of receiving large dividends, while its directors are ever ready to furnish what they think should be received as good and sufficient reasons for such destructive changes. At one time, it is an enormous import of stocks from the Continent; at another, the influx of South American shares and stocks; at a third, vast loans to the United States; and, at a fourth, a deficiency of crops; but stocks would not come if the bank did not paralyze the action of the private capitalist by lending out his money and raising prices, and corn might be deficient without producing any material change in the value of money, except in relation to corn itself. The supply of sugar being small, the price of sugar itself would rise, and there would be somewhat less money to be exchanged against cloth, the price of which would slightly fall; and so, the supply of grain being short, there would be less money to be exchanged against sugar; but in no case would a deficiency in one commodity materially affect the prices of any other, were the currency not tampered with.

The true cause of difficulty is to be found in the fact, that the task of regulation is committed to one great institution, whose movements are wholly unregulated. Monopolizing securities at one time, it produces an apparent excess, and consequent cheapness, of money — with rise of prices. Forcing them, next, back upon the market when much of this apparent excess has found employment in new enterprises, the scarcity then becomes as great as the previous abundance had been. It is a great fly-wheel in the midst of an infinite number of little wheels, all of which are compelled to go fast or slow as the great one may propel. These latter are the bankers, merchants, and manufacturers of Great Britain, all of whom have, more or less, been, for half a century past, engaged in studying the law which governs the motion of the master wheel, but as yet with such indifferent success, that we hazard little in asserting that there is no man in England, in or out of the bank, who would commit that law to writing, and stake his fortune on proving that it had been operative during any single year in the last half century. In despair of arriving at any comprehension of the laws of its action, all resign

themselves blindly to its influence—joint-stock and private banks expanding when it expands, and contracting as it contracts, an error of a single million in Threadneedle street thus producing error to the extent of hundreds of millions in the money transactions of the kingdom. Hence the necessity for subjecting it to fixed and positive rules.

The currency needs no such regulator, but if there must be such an one, its action should be rendered perfectly automatic—leaving it then to the proprietors of the little wheels, to use the gearing needed for enabling them to attain as much or as little speed as they might require. It should be *acted upon by the community*, instead of acting itself upon them, and then it might be consulted with the same confidence as the thermometer. The law that would produce this effect would not be that of 1844, which, with its cumbrous—and really ridiculous—machinery of banking department, and department of issue, was totally unfitted to answer the end proposed. It was framed with a view to changes in the amount of *currency in use*, which are ever slow, and small in quantity; while it contained no reference to changes in the *currency seeking employment*, always rapid, and great in amount.*

* It is curious to see in the evidence of eminent bankers the reasons adduced for thinking that deposits—convertible on the instant into notes or gold—are not as much currency as notes themselves. One among the most distinguished of the bank directors thought that they could not be so considered, for the owner “could not pay his laborers with them,” nor could he do with them “whatever he could do with sovereigns and shillings.” He thought, however, that they possessed “the essential qualities of money in a very low degree.” The “essential quality of money” is that of facilitating the transfer of property, and that is possessed in a higher degree by the bank-note than by gold and silver; and in a still higher degree by the check than by the note—the owner of money on deposit drawing for the precise number of pounds, shillings, and pence required, and transferring them, without the trouble of handling or counting even a single penny.—It is curious, too, to remark the strong tendency existing in the minds of many of the witnesses, distinguished in the monetary circles of London, to confound notes of hand, and bills, with currency. A note is a contract for the delivery, at some future day, of a given quantity of money, or currency. Its value, in money, depending on the proportion between the money and bills in market, is just as much liable to variation as is that of sugar or coffee. If money is plentiful, and bills, coffee, or sugar scarce, the price of the article in which the deficiency of supply exists will be high; but if sugar, coffee, or bills be abundant, and money scarce, the price of the superabundant commodity will be low. Notes may be *bartered* for merchandise, as is done in England to a great extent; but an increase in the supply of notes in the market—although it may materially affect the *credit* price of commodities, or the price in *barter* for promises to deliver money at some future day—will make no change in their money prices, unless the notes can readily be converted

The one is in constant use among the great body of the people, and cannot be materially increased or decreased without a great change in the state of trade, or in the feelings of the community. The other represents unemployed capital, the property of the few, liable to increase or decrease with every change of weather, and with every speck that appears in the political or commercial horizon.

§ 9. By the last charter, a sovereign, or, to a certain extent, its equivalent in silver, is required to lie in the vaults of the bank for every pound of its notes in the hands of the public, beyond £14,000,000. The circulation being an almost constant quantity—amounting to £20,000,000—£6,000,000 of bullion must, therefore, remain in the bank, not to be used under any circumstances whatsoever; and as valueless to the community, while so remaining, as would be an equal weight of pebble-stones. How far the circulation can, as a rule, claim to be treated as a constant quan-

into money. In time of severe pressure, there is great facility in bartering merchandise for notes; but want of confidence induces the holders of the former to fix the prices very high, with a view to cover the cost and risk attendant upon the conversion of notes into the commodity that is needed, which is money, or currency—the thing with which they must redeem their own obligations. The term currency means *money on the spot*, and in England, with the exception of the silver coinage for small payments, nothing is recognised as such but gold, which passes from hand to hand, either by actual delivery of the coin, or by the transfer of the property in a certain portion of that which exists in the vaults of banks and bankers — by means of private drafts, or checks; or by that of obligations of the bank itself, called bank-notes. A contract for the delivery of flour at a future day might, with the same propriety, be called flour, as a contract for the delivery, at a future day, of a certain quantity of the commodity which is current for the payment of debts, and which we call money, can be called money, or currency, itself.

The difficulties of the bank result from the fact, that, whenever speculation is rife, and men are anxious to make contracts for the future delivery of money, it facilitates their operations by taking their notes freely, and becoming responsible for the delivery of the money on demand; by which means its own debts, called deposits, are largely increased. If it has the money, all is well; but if it has not, it thus swells the imaginary amount of the currency, and prices rise. When the time arrives for payment, it commonly proves that both parties have been trading on their credit. The bank must be paid, or it cannot pay, and must become bankrupt. Having seduced the poor debtor to over-trade, by assuming to do that which it could not have done if called upon, it now ruins him for having yielded to its solicitations. Escaping by lucky accident, it speedily re-exhibits what is called “an increased liberality” in its accommodations—running again largely in debt for the purchase of securities.

tity, we may now inquire. In doing so, it is needed to bear in mind that commerce is more active at certain seasons of the year than at others; that, as more exchanges are to be performed, more machinery of exchange is required in the active than in the dull season; and that, in comparing one year with another, we should therefore take, in all cases, the same portions of the year. Following this rule, the circulation of the spring and autumn of the years from 1832 to 1840 is given here:—

	April.	October.
1832	£18,449,000	£18,200,000
1833	17,912,000	19,823,000
1834	18,007,000	19,107,000
1835	18,507,000	18,216,000
1836	17,985,000	18,136,000
1837	18,365,000	18,876,000
1838	18,872,000	19,636,000
1839	18,326,000	17,906,000
1840	16,818,000	17,221,000

The year 1840 was one of utter prostration. In that and the following year, commerce was at an end, so far as the ruin of the customers of England, abroad and at home, consequent upon the extraordinary movements of the bank, could accomplish that object.* Nevertheless, under these most untoward circumstances, the circulation remained above £16,000,000; and we now find it gradually attaining a point higher than it had reached in many years:—

* A recent English writer tells his readers, that “the distress which was then endured by the nation sounds more like the wild creation of a tragic fancy than a recital of sober facts.” After passing through Yorkshire and the woollens’ districts generally, and exhibiting the almost universal bankruptcy of merchants and manufacturers, and destitution of the people at large, he reviews the silk-weavers, the iron-founders, the colliers, the glovers, the glass-blowers, the shawl-weavers, and the flax-spinners—furnishing everywhere “similar proofs of the entire prostration of industry.” Bad, however, as it was everywhere else, it was “in the manufacturing districts of Lancashire that the vials of wretchedness seemed poured out to their last dregs.” There, “the spectacle of distress,” as he continues, “is projected on a gigantic scale”—“the mass of destitution having almost exceeded belief.”—HINCKLEY: *Charter of the Nations*, p. 70.

The cause of all these difficulties, and of the ruin of hundreds of thousands of the people of the United Kingdom, is to be found in the anxious desire of the bank directors so to manage the currency as to give themselves large dividends. The power of disturbance has since that time been largely increased.

	April.	October.
1841	£16,538,700	£17,592,000
1842	16,952,000	20,004,000
1843	20,289,000	19,561,000
1844	21,246,000	

NEW LAW.

	April.	October.
1844 .....	.....	£21,152,000
1845	£20,099,000	21,260,000
1846	19,865,000	21,550,000
1847	19,854,000	

In the first period, embracing the nine years from 1832 to 1840, both inclusive — and including the crisis of 1836–7 — the variation in the month of April, above and below the medium of £18,500,000, is under three per cent. That of October, above and below the point of 18,900,000, is but little over four per cent., until we reach the close of 1839 and commencement of 1840, at which time the bank had been compelled to trample in the dust all who were in any way dependent upon it — thereby almost annihilating the trade of the country, and that of all others intimately connected with it.

In the second, the circulation attains a higher point than in the first. Private and joint-stock banks having been ruined by the extraordinary revulsion of 1839, and confidence in their notes having been impaired, the bank now profits by the ruin of which it has been itself the cause.

From 1844, the variations are under two per cent. There is, however, a material difference between the average amount of the first and third periods — a permanent increase appearing to have been effected. In the time that had elapsed, there had been a great increase of population and wealth, and an increase of the machinery of commerce might have well been looked for; and yet there had been no real increase — the change being only an apparent one, tending to prove the rule that the real circulation is an almost constant quantity. Previously to 1844, there being no limits to the circulation of the private, joint-stock, Irish, and Scotch banks, they averaged, between 1833 and 1839, about £20,000,000. Being, by the new law, limited to about

£17,800,000, the vacuum thus created had to be filled by notes of the Bank of England, which rose, therefore, from £18,000,000 to £20,000,000. The average of the total circulation from 1833 to 1839 was £37,838,000 — an amount scarcely at all differing from that which existed in the half year previous to the crisis of 1847.

Small even as are the variations we have seen, they are still, to a considerable extent, only apparent. When money is very abundant and cheap, banks and bankers retain on hand a larger amount of each others' notes than when it is scarce and high; and a note in their vaults is just as much out of circulation as if it had remained in those of the issuing bank itself. In the above table, the highest April is that of 1835, when the bullion in the bank was £10,673,000, and the securities were below £26,000,000 — the market value of money being only three per cent. The highest October was that of 1833, when the bullion stood at £11,000,000, the securities at £24,000,000, and the rate of interest at three per cent. It was a period of recovery from a then recent excitement that had been followed by great depression and heavy loss. The next highest October was that of 1838, when commerce was paralyzed, and unemployed capital was abundant. The stock of bullion was nearly £10,000,000; and the rate of interest was three per cent. In 1842-3-4, the apparent circulation was greater than in any of those earlier years, and yet the bank was unable to extend its loans, which then were scarcely equal to the amount of its circulation and its surplus. In all these cases, we find precisely the circumstances calculated to produce an accumulation of Bank of England notes in the vaults and chests of private and joint-stock bankers; while the *lowest* returns for both spring and autumn, until we reach the total prostration of 1839-40, were those of 1836, when the loans of the bank had reached their *highest point*, and when, according to the theory of the Bank Restriction Act, the circulation should have been the greatest.

Under the new law, the highest April was that of 1845, when the bullion had reached the enormous sum of £16,000,000; and the highest October, that of 1846, when it had just re-attained that amount. In view of these facts, it may well be doubted if the variation above or below the medium point, from 1833 to 1839, ever much exceeded one per cent. — a proportion so small,

that for almost all purposes the real circulation may be regarded as a constant quantity.*

§ 10. That the tendency to constancy above exhibited was in no manner due to the action of the bank itself, is obvious from the following facts:—Between 1833 and 1839, it increased its securities from £22,000,000 to £31,000,000—thus forcing up the amount of unemployed capital at the credit of its customers, *for all of which they were entitled to demand notes*, from £8,000,000 to £18,000,000; and it diminished its investments from £31,000,000 to £21,000,000—thereby enabling the owners of unemployed capital to invest at low prices, and thus producing a reduction of deposits from £18,000,000 to £7,000,000; and yet the circulation remained almost unchanged. Under the new law, it is seen enlarging its investments from £22,000,000 to £36,000,000—thus increasing its debts from £12,000,000 to £24,000,000; then again contracting the first to £25,000,000, and the last to £16,000,000; and yet the circulation, as the reader sees, scarcely changed in the slightest degree.

§ 11. Coming now to recent years, we find a state of things precisely similar—the amount of circulation having been as follows:—

July, 1852	£21,346,000	July, 1855	£20,166,000
“ 1853	22,847,000	“ 1856	19,957,000
“ 1854	20,100,000		

In the first of these years, money was abundant and cheap—being precisely the state of things required to induce banks and bankers to permit Bank of England notes to remain idle and out of circulation, in their vaults or chests. The retention, by each of the private and joint banks, of a single thousand pounds of notes more than they were accustomed to retain when money

* “ We have shown, by unanswerable arguments, that under no circumstances will more circulation be retained in the hands of the public than is just sufficient to perform the functions of a medium of exchange for the internal transactions of the country. No man retains more money in his possession than he requires for immediate use, but either places it in a bank, or employs it in the purchase of commodities on which he expects to obtain a profit, or securities which will yield an interest. As a rule, therefore, the circulation is at all times confined to the lowest sum which is sufficient to conduct the transactions of the country.” — *Economist*.

was scarce and dear, and when they were beset by claimants for accommodation — as was the case in the latter of the years above referred to — would produce all the apparent difference that is here exhibited; and that, too, without the slightest allowance being made for the difference in the quantity of money required for the payment of wages and purchase of merchandise at a time when trade was active, as compared with that required when labor was little in demand and trade was dull.

Looking at all these facts, the circulation may be regarded as a constant quantity; or, at least, as one so slightly varying, that it might safely as such be treated. *That* is regulated by the wants of the people, who require no aid from the law, which is no more useful than it would have been had its author sought to fix the number of shoes, hats, or coats to be kept by the manufacturers of those commodities — thus providing that those who purchased hats should be sure to find them. Under such a law, many men would be found going without hats, shoes, or coats — the supply of those articles becoming then as unsteady, and their prices as variable, as is now the case with money.

§ 12. Circulating notes tend to increase the utility of money by facilitating the transfers of property therein. All commodities tend towards those places at which they are most utilized; and therefore do we see the precious metals always wending their way towards those places in which such notes are most in use.

The purchase of securities with the unemployed capital of others placed in a bank for safe keeping, tends, for a time, to render the apparent quantity of money greater than is the real one, and thus to impair the usefulness of money in the hands of its actual owners. All commodities tend to leave those places at which they are least useful; and therefore is it, that we always witness the largest export of the precious metals, when those bank debts which are denominated “deposits,” stand at their highest.

The present charter restricts the power to furnish circulating notes, while leaving untouched the power of the bank to expand the currency by monopolizing securities, and thus rendering unproductive the capital of individuals. Having thus accomplished much in the way of diminishing the utility of money, it next paralyzes the large amount of £6,000,000 by taking, as the measure

of the bullion to be retained, the almost unvarying circulation, over which the directors can exercise scarcely the slightest power, instead of the credits on its books, the amount of which is directly dependent upon their exercise of will. The result of this is seen in the facts, that the precious metals now tend *from* Great Britain, and not *to* it; and that the rate of interest has, for the last three years, varied between five and eight per cent. A more unfortunate attempt at remedying existing evil was never known. The power of the bank to control and direct the currency is greater now than it was before, while that of the government to enforce the law has no existence.*

§ 13. The remedy for all the evils of an unsteady currency is now to be found, as we are assured, in the permission that has been accorded to the bank to raise the rate of interest; and the example thus set having been urged upon other nations for their adoption, we may, for a moment, inquire to what extent it tends

* The reader will readily understand this, after study of the following facts:—

The circulation of the bank *must* always be thus represented:—

Nominal capital.....	£14,000,000	Notes	£20,000,000
Bullion.....	6,000,000		

Let us now suppose its other liabilities to stand at £15,000,000, thus represented:—

Deposits.....	£15,000,000	Bullion.....	£5,000,000
		Securities.....	10,000,000
			<u>£15,000,000</u>

A drain of specie carrying off the £5,000,000 of gold, the bank diminishes its liabilities to the same extent. There remain, however, £10,000,000 yet of these deposits, from which the bank would gladly free itself if it could. With that view, it refuses to renew its loans, in the hope that those to whom it is indebted will—by purchasing securities—enable it at once to reduce its claims on others, and the claims of others on it. In this state of things, the depositors come together and say, “We will not *permit* you to carry your reductions any further. If you attempt it, we will demand payment of your indebtedness to us.” The bank, however, *cannot pay*, without violating the law. It dare not, in this state of affairs, pay out a shilling except in redemption of its circulation; nor dare it issue a note except against gold. It, and the government, find themselves, therefore, blocked, and compelled to give way.—Such, exactly, was the course of things in 1847. The depositors then *forced* the government to suspend the law, and so will they do again, when a similar necessity shall again occur. A more silly and worthless contrivance than the Bank Restriction Act is not to be found in the annals of legislation. Were it no more—were it not positively injurious—it would be less to be regretted.

to redress the evil of which the English world so much complains.*

Experience proves that over-trading by banks, as well as by individuals, is always followed by a necessity for under-trading — the excessive profit under the one being generally lost under the other. So has it been with the Bank of England. However great might be its own distress, and to whatever extent it was obliged to circumscribe its loans, it could make no charge beyond the legal rate of interest. It might, therefore, lose in the one period what it had gained in the other. Now, however, that check has ceased to exist. Limitation of its loans being accompanied by increase in the charge for the use of money, *the more its action can be made to contribute to the production of those excitements which must be followed by contractions, the larger must be its dividends.* Under the old system, its interests and those of the community were always in opposition to each other, but now they are doubly so. Centralization thus advances steadily, and in that direction we find slavery and death.

The grant of this permission would seem almost to have been intended as a bonus offered to the bank, to induce it to the production of changes in the currency; and for the reason, that the more frequent they can be made, the larger must be its profits. Being a private corporation, the interests of the stockholders *require* of the directors that they shall so direct it as to give them the largest revenue. Seeing this, what better system could be adopted than one which, by swelling the “deposits” at the times when money is to be made abundant, enables the bank afterwards to profit, by charging double or treble interest when it has been rendered scarce? No system was ever devised, so well calculated to produce revulsions as that which gave to a single private corporation the privilege of regulating the currency — while compelling it to be dependent altogether upon borrowed money for the transaction of its business.

§ 14. The British policy has, as a rule, been opposed to any

* “It is clear there is but one sound remedy. Theory and experience alike show its efficacy, viz. AN INCREASE IN THE RATE OF INTEREST. If there is an excessive demand for any article, the natural cure is — a rise of price. To this rule capital is no exception. It is the only means by which undue speculation has ever received a timely check.” — *Economist*.

extension of the principle of association. While great bodies like the Bank of England, and the East India Company, could obtain exemptions from the provisions of the law of partnership, not only were they refused in reference to other and smaller associations, but special laws forbade the formation of companies with transferable stock, or with more than a given number of partners, when the trade in money was in contemplation. Hence it has been, that dealings in money have, to so great an extent, been confined to private bankers, whom the people were forced to trust, when they would greatly have preferred a public bank, directed by themselves. The transactions of the latter would necessarily have been open to the examination of the world at large. Those of private individuals were, on the contrary, altogether secret; and the result has proved that but rarely have they been entitled to claim the slightest confidence. In the single year 1792, the failures among them amounted to no less than 100. From 1814 to 1816, they were 240. From 1824 to 1830, the stoppages were still more numerous, and the cases of actual bankruptcy were 118. From 1839 to 1848, the latter numbered 82, of which 46 paid nothing to their creditors—the average dividend of the remainder having been less than 35 per cent. The crisis of 1847 was fatal to numerous bankers, some of whom had occupied the highest places in the public consideration. The winding up of their affairs, however, proved, and that almost invariably, that they were mere gamblers, and had been for many years hopelessly insolvent—living by preying on the public, as has so recently been proved to have been the case with the eminent house of Strahan & Co.*

§ 15. The crash of 1825 brought with it an act for authorizing the creation of joint-stock banks, coupled, however, with such restrictions and regulations as precluded the idea that any should be formed that would be much superior to the private banks.

* “The oldest bank in the city of London, known originally under the name of Snow, but now by the names of Strahan, Paul Bates & Co., has failed, and under very discreditable circumstances. Their liabilities are expected to be nearly \$3,000,000. From what has transpired, they have been absolutely living and trading on the deposits of their customers—all of which are lost. One nobleman has suffered to the extent of \$200,000.”

Under it, men were allowed to associate, but on the sole condition that *each* associate, however trivial or temporary might be his interest, should be liable for *all* the debts of the concern — thus maintaining in full force the barbarous system of unlimited liability—*solidarité*—that had descended from olden time. This involved a thousand other regulations, and hence arose a necessity for other laws, determining the relation of the parties to each other. They were yet, however, in a condition so little satisfactory, that persons desiring to associate were forced into the adoption of special arrangements with a view to secure some little approach to safety in dealing with the public, and with each other. Prudent men, therefore, took no part in such institutions. Depositing their money for safe-keeping, and receiving little or no interest for its use, they were at least secure, while the stockholders obtained large dividends at the cost of heavy liability — terminating generally in ruin.*

The idea of limitation of liability being commonly associated with that of monopoly, in consequence of the right thus to trade having been monopolized, it has been denounced by many economists, who have contended strenuously for the system of perfect, or unlimited, liability. When, however, we find men, animated by the desire of improving their condition, frequently adopting a certain mode of operation, we may be very sure that there must be good reason for it, although it may not at once be obvious. One of the very first objects for the promotion of which men associate themselves together is that of government. Desiring security for themselves, they are willing that others shall enjoy it; and thus it is, that we find them here adopting the principle of limited liability. Every man is bound to contribute his share, and his share only, to the payment of the expenses incident to the maintenance of order. Were it otherwise — were the

* Unlimited liability is one of the characteristics of barbarism. On a plantation, if some of the negroes cannot do their task, the others must do it for them. In India, those who would work, and could pay their taxes, have always been obliged to make amends for those who would, or could, do neither. Among the grievous oppressions of the *taille*, the solidarity of the people, one for the other, stood most conspicuous. In the time of the *dragonnades* of Louis XIV., all the remaining Protestants were compelled to contribute towards the payment of taxes due by those who had been driven from their homes, and thus were they ruined.

whole property of a single individual liable to be taken for that purpose — there would be no security. No man would transfer himself from Europe to the United States, did he not believe that his property would be taxed in fair proportion for the support of government; and did he not feel confident that the payment of that proportion would exempt him from further liability.

The same principle is everywhere introduced into associations for mutual insurance against the dangers of fire and water — proving that such limitation of liability arises naturally in the course of the operations of men seeking improvement of their condition.* In this manner were formed some of the earliest insurance offices in the United States, several of the early banks, and even now there may be found some few institutions continuing to trade under such agreements. It is reasonable to suppose that the persons thus investing their capital, and those doing business with them, understand their own interests, and that those interests will be best promoted by non-interference on the part of the community at large. The right of associating having, however, been made the subject of regulation, and that of forming companies with transferable stock having been denied to all but favored individuals, it had been deemed the duty of British courts, wherever possible, to discourage association, and to prevent the limi-

* The *corn banks* of Norway are the most primitive institutions of this description of which we have any knowledge. Owing to the restraints upon the employment of capital in that country, there are no stores or places of exchange at which the farmer can dispose of his surplus grain; nor, consequently, are there any places at which those whose supply is deficient can purchase it. To remedy this difficulty, the farmers have associated themselves for the establishment of banks, at which corn is received on deposit, and lent out on interest. — See *Laing's Norway*, p. 256. The depositors are allowed interest at the rate of one-eighth, and the borrowers pay at the rate of one-fourth — the difference being appropriated to defray the expenses of management.

Even here the principle of limited liability must obtain. The profit, if any there be after paying the expenses, is the property of the community, in the ratio of their interests. The debt, if any arise, must be the debt of the community. If, from carelessness or mismanagement, the wheat deposited by any certain persons be destroyed, they must be entitled to remedy somewhere. Partners as regards profit or loss, in the capacity of depositors they are as much separated from the community as are the *employés* of the bank. Under the system of unlimited liability, any depositor, on failure of the fund, might commence suit against any other member of the association — requiring him to assume the loss. No one would incur such a risk, however he might be disposed to associate with his neighbors on an understanding that in case of deficiency each man should be assessed, *in proportion to his interest*, to make it up. Here would be limited liability and *justice*. On the other hand would be unlimited liability and *injustice*.

tation of liability. A feeling of insecurity in regard to the formation of such associations had thereby been produced — it having been well understood that, in case of suit, the courts would set the limitation aside wherever possible — thus changing the arrangements between the parties to a contract, to the entire destruction of security.

Every measure productive of limitation, tended to establish the right of the people to determine for themselves in what way they would maintain commerce with each other. The opposite course tended to increase the power of the sovereign, who was thus enabled to confer upon a few, as a privilege, that which should have been possessed as a right by all; and therefore it was, that judges omitted no opportunity of enforcing the barbarous idea of entire liability.

Acts of incorporation, instead of being grants of privilege, are thus merely re-grants of a right, the exercise of which has been forbidden for monopoly purposes. The security of property having been impaired by forbidding its owners to use it in the manner they deemed most advantageous, in order that the exercise of that right might be deemed a privilege, and paid for accordingly, it is for that reason that men have been, and still are, compelled to apply to sovereigns or to legislatures for permission so to do. This interdiction is in perfect accordance with the system of monopoly, restriction, and exclusion that has so long existed. With the growth of population and wealth, there is a growing tendency to combination of action, accompanied by constant increase in the development of individual faculties, and constant tendency towards the removal of the restrictions imposed in earlier and less enlightened times — leaving men to determine for themselves the terms upon which they will associate together, as well as those upon which they will carry on their commerce with the world. In that direction lies civilization.

§ 16. In England, as yet, the only change had been that of rescinding the prohibition of association. Joint-stock banks might now be formed, but the capitalist found himself restrained by a law, expressly denying to him the right of trading with others on any footing but that of unlimited liability for all the debts of the association. Such, too, were the internal difficulties resulting

from subjection to the law of partnership, that however skilfully the deed of association might be formed — however minute might be its provisions — “if any of his brother shareholders disputed the facts connected with any operation,” he and they, according to the opinions of eminent counsel, would find themselves “still as much at sea as if the deed were badly prepared.”

These difficulties were but the natural results of antiquated laws, by which it had been attempted to determine in what manner men should maintain commerce with each other. In the days when those who labored were serfs, or but little better, the exercise of the right of association was a privilege limited to the masters, as is now the case in the Southern States of the American Union. Limitation of liability among laborers would there meet with as little favor as it received at the hands of the Parliament that passed the Joint-Stock Banking Law — thereby imposing upon bankers liabilities so heavy as to drive from the trade all men of common prudence.

Upon what ground a community can deny to its members the free exercise of the right of association and combination, it is exceedingly difficult to comprehend. Equally so is it to understand, why an association of men should not be permitted to declare to the world the terms upon which they will trade with those who seek to trade with them — having done which, both should be bound by the terms which had been so declared. A man borrowing money upon a pledge, and expressly limiting his liability to the value of the property pledged, cannot be further liable, nor could he be so held by any court of justice. Ten, twenty, hundreds, or thousands of men having opened a place of business, and having publicly announced that each has placed therein a certain number of pounds, or dollars, which sum, and no more, is to be liable for the debts of the association, the parties who trade with them do so with their eyes open, and are bound by the terms of the agreement. To deny to individuals, or to an association, the right to make engagements in this manner, is as much a denial of a right as it would be to prevent them from exchanging their labor with those who would give them the largest quantity of cotton-cloth, shoes, or hats therefor, and as little susceptible of defence.

To guard against frauds upon the unwary, the community may,

with great propriety, define the conditions necessary to the enjoyment of this right. Thus, it may demand that every association shall put over its doors a sign, on which shall be painted the words "limited liability," in letters of a certain size; or require the fact of limitation to be advertised, in one or more newspapers, every day in the year; or insist upon a compliance with certain other forms, as is done in the present acts of incorporation, which merely define the terms upon which the parties named therein shall enter upon the enjoyment of a previously existing right, which the policy of those who have exercised power has caused to be regarded as a privilege. A general law, defining the terms upon which this right should be exercised, would correct many of the evils which have resulted from a desire to confine its enjoyment to a few individuals, and would enable all the members of a community to combine with each other upon such terms as they might find mutually advantageous, whether of limited or unlimited liability.*

§ 17. The smaller the amount of liability required to be assumed, the less will be the compensation demanded. The capitalist places his money in the vaults of the Bank of England, which pays no interest, in preference to leaving it with a private banker, who would gladly allow him two or three per cent.; and this he does, because of his belief that the security in the former case is greater than it would be in the latter. Were the banker to allow him five per cent., he might take a risk which otherwise he would reject. So has it always been with the owners of joint-stock banks, compelled, as they have been, to assume the heaviest liabilities, in return for which they required enormous profits. So is it now, with all the banks which owe their existence to the law

* Twenty years have elapsed since the first publication, by the present author, of the doctrines in regard to liability given above. Since then — having been adopted by distinguished European writers, and especially by Mr. J. S. Mill (*Principles of Political Economy*, book v. chap. ix.) — they have been so effectively urged as to have caused their adoption by the British Parliament. Such being the case, it might seem unnecessary here to reproduce them; and so it would certainly be, were it not that there is so great a tendency to reproduce on the western side of the Atlantic all the errors in regard to corporations now being repudiated on the eastern one. The advantages of private over public banking are in America now as much commended, and as brilliantly exhibited, as they could be, had their disadvantages not been already so fully exposed throughout Great Britain.

of 1825, as is shown in the case of the Royal British Bank, whose bankruptcy is now but a few months old.* On one occasion, and it is but a specimen of what has since occurred in numerous instances, the Bank of England had a judgment against the Northern and Central Bank for a million of pounds, under which it had a right to seize the whole property of any one, ten, or twenty of the shareholders. Being a lien upon all they possessed, not one of them could sell an acre of land until it was discharged. Immense risks like these must, of course, be paid for; and accordingly the owners of shares in such concerns are rarely satisfied with less than double or treble interest, as is shown by the following list of prices of shares in joint-stock banks, and of dividends received:—†

* "The capital of the bank is divided into 3000 shares of £100 each, on which £50 have been paid, making a total of £150,000; and among many practical people an opinion prevails that the greater part, if not the whole, of this will prove to have been lost. Indeed, there are some who predict that the assets will fall short of the liabilities, and that a contribution from the shareholders will be required to complete the winding up. The bank was established seven years ago, with a charter from the Board of Trade, giving several advantageous privileges, but no limitation of liability. The number of shareholders is 289, and among them are many persons of property. According to the half-yearly statement submitted on the 1st ult., the amount of its liabilities to depositors was £842,421.

"The unfortunate depositors are mostly small London tradesmen, who, embracing the advantage held out by this bank of receiving small deposits on drawing accounts, were in the habit of depositing the amounts to meet their current expenditure. The parish of St. George the Martyr, Southwark, we have been informed, has not only lost all its parochial funds, but the balance of numerous charities left to the parish." — *London Times*.

† Extract from the evidence before the Select Committee on Joint-Stock Banks, in 1837:—

"Now let me suppose that the individual shareholder, against whom that execution was directed, held shares to the value only of £100, but that the execution levied amounted to £100,000, what remedy would he have for an apportionment among his other co-partners, who were proprietors in the company? He might commence a suit against the public officer, he might obtain a judgment upon that, and deal with some other partners as he had been dealt by, or he might file a bill against the whole partners for a contribution. * * *

I was concerned against the St. Patrick Insurance Company for various claimants under their marine policies: I think they stopped somewhere about the year 1826 or 1827. It became my duty to recover very large sums from them, and I did so on the equitable principle that, if a party would pay his calls, I would not take out execution against him. There was one man who refused to do so; he was a Mr. Gough, of Dublin; I issued execution against him, and levied about £800 or £900 for one of my clients; he commenced his proceeding for indemnity, and it was only late last year that I was examined in the cause to prove the facts. He was able, by that length of time, just to get so far as to prove the fact that he paid me the money." — p. 286.

	Shares.	Paid up.	Price.	Dividends.
London and Westminster...	£100	£20	£21½	5 per cent
Manchester and Liverpool..	100	15	19½	7½ “
Manchester	100	25	27	7 “
Monmouthshire	20	10	18½	12 “
Northamptonshire Union...	25	5	11	14 “

Average interest upon the selling price, 6½ per cent., with the privilege of paying up the balance of the shares at par, whenever the business may require it. The average dividend upon all the joint-stock banks had at this time been 8½ per cent., in addition to a surplus fund of about one per cent. per annum.

Such profits are always received as the rewards of wild adventure and reckless speculation. Were the business safe, competition would reduce the rate of profit. That it is unsafe, is shown by the facts, that these institutions do large business on small capitals—that their debts are enormously large—that, to enable themselves to remain so much in debt to the community, they fill the country with branches at which they issue notes, the coin for which can be demanded only at the parent institution, a hundred or a hundred and fifty miles distant—and that their expenses absorb nearly all the interest upon their capital—leaving them only the profit upon their circulation and deposits, to which to look for dividends. In a list published some years since, there were few with capitals exceeding £70,000, while one with only £28,000 had in three years divided twenty-eight per cent. among its stockholders!

§ 18. The condition of six of the London joint-stock banks, all of which are prohibited from issuing notes, has thus recently been given:—

Capital.	Debts.	Average dividends.	Selling price of stock.
£2,817,085	£29,876,410	17 per cent.	£6,922,000 *

The dividends average, as we see, no less than seventeen per cent.; and that, too, in a country in which the excess of capital, and the difficulty of finding profitable employment for it, are standing subjects of complaint. The shares, as is seen, sell at an advance of little less than a hundred and fifty per cent.; and,

* *Spectator*, November 17, 1855.

even at these high prices, yield an interest of nearly seven per cent. Why should this be so? Why should the few persons interested in these institutions obtain such enormous dividends? Because so large a portion of the community prefer accepting a low rate of interest, free, as they suppose, from risk, to taking the larger risks and profits of the principals. These institutions are mere gaming-houses, with liabilities so great as more than ten times to exceed the property they own. Taken altogether, they form a great inverted pyramid, liable, at any moment of financial crisis, to topple over and bury the stockholders in its ruins.

No man, not possessing the nerve of a thorough gambler, could have thought eight, ten, or even twelve, per cent. sufficient compensation for the risks that, under the law of 1825, he was required to incur. The prudent capitalist, therefore, took no shares — regarding it as better even to let his capital lie idle in the one incorporated bank that he deemed perfectly secure, though receiving no interest. He could, however, discern no good reason why he and ten or twenty of his neighbors might not each place £5000 in the hands of an agent, to be employed under an agreement with all who dealt with him, that the liability of his principals should be limited to the capital so employed. Knowing well that such an association, trading upon those terms, would command a far greater amount of public confidence than any one, two, or three of the individuals trading separately could do, he found it difficult to understand why, if those who wished to do business with him were content to take the liability of the subscribed capital, the community should deny their right to do so — requiring them to retain the privilege of looking to the private property of the parties.* With great reason did he, therefore, say, "I would be willing to take four per cent. for the use of my capital, if permitted to use it in my own way; but if I must take the responsibility of an ordinary joint-stock bank, I must have six or seven per cent." He was thus compelled either to take large risks, for which he demanded a large proportion as interest, or to place his capital in the Bank of Eng-

* "It may well excite astonishment, that any one who can really afford to make a *bona fide* purchase of shares in a bank, should be foolhardy enough to embark in such concerns." — *McCulloch's Dictionary*, article *Banks*.

land, and let it remain there idle, yielding nothing for its use — waiting the occurrence of some other mode of investment, abroad or at home, by means of which he might obtain four or five per cent., without incurring risk beyond the amount of capital employed.

§ 19. Within the last two years, the system has been changed, and greatly for the better, by the passage of an act of Parliament fully recognizing limitation of liability. Associations may now, therefore, be formed for trading in money, or for almost any other purpose, without incurring risk of loss beyond the amount invested. The system of England tending, however, towards centralization, this measure, although in the right direction, can have but little effect while the general English policy shall remain the same — looking exclusively to fostering trade at the expense of commerce—exporting men by hundreds of thousands to distant colonies, and thus diminishing the power of association—building up London at the expense of the rural portions of the kingdom—regarding exports and imports as the sole criterion of prosperity — and thus increasing, by every movement, the numbers and the power of those who live by means of simple appropriation, and at the cost of those who seek to live by labor. The foundation of the system, as was the case with that of Carthage, having been laid in “gold-dust and sand,” no alteration of the superstructure can be productive of much effect while it shall so remain. The small proprietor and the small manufacturer gradually disappear from the land ; * and with every step in that direction, the difficulty of profitably investing small capitals is increased.† From year to year, the services of the middleman are more and more required ; and therefore is it, that the change of system appears, thus far, to have been productive of small effect — the proportion between capital and loans having remained almost unchanged, as

* See *ante*, vol. i. p. 420, for the process by means of which the small iron-masters are gradually being ruined.

† The enormous amount managed by the directors of life insurance offices furnishes proof conclusive of the growing difficulty of profitably investing small capitals. Small properties are being gradually consolidated into large ones ; small shops are disappearing ; and with every step in this direction the necessity for such offices must increase.

is shown by the following figures, representing the state of eight of the principal London banks in the summer of 1856 :—

Capital.	Debts.	Average dividends.
£3,661,000	£36,832,000	13·9 per cent.

The larger the proportion borne by the capital of an individual, or a bank, to his liabilities, the greater is the tendency towards stability and regularity. The larger the proportion of liabilities to debts, the less must be the stability. We have here all the elements of instability — large loans — large liabilities — small capitals — and great dividends.

§ 20. Scottish banking has always been greatly superior to that of England, for the reason that it was more localized and more free. The Bank of Scotland was chartered in 1695; the Royal Bank of Scotland, in 1727; the British Loan Company, in 1746; the Commercial Bank, in 1810; and the National, in 1825. Instead, therefore, of one great corporation, with large liabilities and no actual banking capital, we have here five smaller ones, with an actual and paid-up capital amounting to nearly £5,000,000 — giving one, at least, of the elements of stability. Further than this, the people of Scotland have always been free to establish joint-stock banks on the basis of the law of partnership—the monopoly by the Bank of England having been limited by the Tweed. The result of this is seen in the fact, that banks with numerous shareholders have grown up gradually throughout the kingdom, and have acted as larger saving-funds — enabling those who had money readily to invest it, and those who needed to borrow readily to attain their object. That larger freedom has given greater steadiness, is shown by the fact that the Scottish banks safely rode out the storms of 1793 and 1825, in which so large a proportion of the English ones were wrecked.

The liabilities in the form of circulation but little exceed £3,000,000; whereas, those in the form of deposits, subject to withdrawal at short notice, are estimated at £30,000,000. Taking the total capital at £8,000,000, and the investments at £40,000,000, as they probably are, the proportions are those of five to one, whereas those of the London banks are, as the reader has seen, no less than ten to one.

So large an amount of business based upon so small a capital would, however, cause much greater instability than now exists, but for counteracting circumstances. The first of these is found in the fact, that a very considerable proportion of the credits on the books of the bank are those of small depositors — men whose claims amount to ten, twenty, fifty, or a hundred pounds, and who are receiving interest for its use. The second is found in this, that the Scottish banks trade largely on the London Exchange — lending money there in times of excitement, and thus swelling the tide of speculation, and then as suddenly withdrawing it on the first appearance of danger. Scotland, to a considerable extent, escapes unhurt, but the effect is severely felt in England. The remedy would be found in the adoption of measures tending permanently to fix the large amount of floating capital now existing in the form of deposits — converting it into stock, and thus placing it on a footing with that invested in the Bank of Scotland. The measure of 1844, however, looked only to the circulation, an almost fixed quantity of £3,000,000, leaving wholly untouched the deposits, an ever-varying quantity many times as large.*

§ 21. What is the total capital employed in the banking business of Great Britain, cannot be ascertained — private bankers making no returns whatsoever. The Bank of England, as we know, has none — what is called capital being only a right to claim of government the payment of a certain annuity. Eight London joint-stock banks trade to the extent of £40,000,000 upon a basis of less than £4,000,000. Country banks do business in less proportion to their nominal capitals, but often in like proportion to their real ones. Experience has proved that private bankers, as a rule, have very little property of their own. The amount invested in Scottish banks is to their business as about one to five. Taking all these quantities, the total capital em-

* Sir Robert Peel, the author of the law of 1844, was essentially a trader — his knowledge of social science having extended little beyond the idea of buying in the cheapest market and selling in the dearest one. His first great financial measure built up the fortunes of state annuitants, like his father, the first Sir Robert, while it doubled the weight of taxes paid by labor and land. His second increased the power of the bank, while seeking its diminution. Few men have ever acquired so great a reputation at so small a cost.

played would seem to be from £20,000,000 to £30,000,000, while the total amount of securities held is probably little less than £150,000,000. The whole system thus takes precisely the form of an inverted pyramid, and hence its constant instability.

The great recommendation of the precious metals, for use as a measure of the value of other commodities, is the tendency towards steadiness in their own ; that is to say, in the quantity of human effort required for their reproduction. That recommendation is wholly wanting in the British currency — the value of a pound being in some years doubled, while in others it is reduced one-half, and these changes occurring so frequently that they are now looked for with a certainty nearly equal to that with which we look for changes of the seasons. To what causes are they due ? To the use of circulating notes, said Sir Robert Peel and his disciples. In every other case, however, in which the utility of a commodity is increased, the supply becomes more steady, and the price more regular. To this rule there is not, nor can there be, a single exception ; and being true in regard to all other commodities, it must be so in the present one. That being the case, the use of circulating notes—tending, as they do, to increase the utility of money—must tend to the production of steadiness in its supply, and regularity in its value. That it does so, is proved by the fact, that both the supply and price are more regular in New England than in Texas and Mississippi — in England than in India — in Germany than in Turkey — in France than in Brazil or Portugal.

The tendency to steadiness of value is in the ratio of the rapidity with which production follows consumption. That increases as the consumer and the producer approach each other—as commerce grows—and as the middleman, or trader, is more and more eliminated. Hence it is that money flows from year to year more steadily into France, Germany, and Northern Europe generally, and that its value in other commodities becomes more regular. Hence, too, it is that the same phenomena are exhibited in the United States whenever they follow in the same direction—that of a policy tending to increase the power of association, and to enlarge the domain of commerce.

The reverse of this is always seen as the consumer and producer become more widely separated — as trade acquires the mastery

over commerce — and as the trader becomes more and more a power in the state. Hence it is, that the supply of money and its value become more and more irregular in India, Portugal, and other countries which follow in the lead of England—including therein the United States, in all those periods in which their policy is that which is taught in the English books.

The policy of England, at home and abroad, tends always to the separation of the producers and consumers of the world — thus increasing the power of trade, and augmenting the proportion borne by the middleman class to the producing population. With every step in that direction, the circulation of society becomes less rapid—consumption follows more slowly in the wake of production — masses of property tend more and more to accumulate in vaults and warehouses—the proportion of the trader, whether in money, cloth, or cotton, tends more and more to increase, while that of the producer declines — and the trading classes become more and more a power in the state. That is centralization — leading always to the subjection of the men who labor, to the control of those who live by the exercise of their powers of appropriation. That way now tends England, and among the measures which have most contributed to head the ship in that direction have been those of 1819 and 1844 — the first of which changed the standard of value, while the last increased the power of the Bank of England.

§ 22. The superior soundness of the Scottish banking system has given it a strength which has enabled it to maintain its ground against the opponents of one-pound notes, despite the repeated manifestations of determination on the part of the government to compel the Scottish people to dispense with their use. The latter understand, as Sir Robert Peel did not, the difference between the *transportation* of money and its *circulation*. The small note facilitates the circulation of the gold of which it is the representative—permitting it to remain quietly in the vaults of the bank by which the note is issued, and relieving the community from any loss consequent upon abrasion. The use of the note enables a single piece of gold, remaining thus quiet, to do more than is effected by a hundred, where property in money is transferred only by means of actual delivery of the coin. It is worthy of remark,

that the most strenuous advocates of freedom of *trade* in cotton, cloth, and sugar, are the most determined opponents of the exercise by the people of their own judgment as to the sort of instrument they will use, when desiring to maintain *commerce* among themselves.

§ 23. Instability is the necessary attendant upon the system above described ; and hence it is that the annual losses by failures are stated at the enormous sum of £50,000,000. Great as it is, it is yet trivial when compared with the loss inflicted upon foreign nations by the unceasing changes to which they are subjected. The crash of 1815, and those of 1825, 1836, 1839, and 1847, had there their origin ; and their effect was that of injuring the farmers and planters of the world to the extent of thousands of millions. Of all the monetary institutions that now exist, that of England contains within itself least of the elements required for the production of stability and regularity ; and therefore it is, that nations prosper least whose dependence upon it is greatest. Trading centralization, nevertheless, seeks to render the English currency — ever varying as it is — the measure of values for the world at large ! *

* The *London Morning Post*, after enumerating various facts tending to prove “ the futility and mischief of the act of 1844,” speaks as follows of the movements of 1856 : — “ We have arrived now at a state of things far more remarkable, as concerns monetary theories, than of those of which we have made mention. In 1856, with the drain of war at an end, with commerce sound, although rapidly increasing and widely extending, with speculation quiescent, here is again a great pressure—operations are checked, if not paralyzed ; traders and merchants are subjected to great and serious losses ; their profits are mulcted ; and there is not access to capital and credit sufficient for the carriage of the current and legitimate enterprise of the country. And why ? Because again the Bank of England has created violent and sudden alterations in the rate of interest, not influenced by any policy in respect of commerce, but simply for the purpose of preventing bullion-dealers from selling gold to the Bank of France, whose directors, rightly or wrongly, deem it better to buy bullion, when necessity drives them, just as they would any other commodity, than to expose trade to the disturbances in which they see it so constantly involved by the practices resorted to among ourselves. Surely this is a hard case upon the commercial world, and one which it is the proper functions of a good banking system to avert, not to create.”

The effect of all such alterations increases geometrically, as the distance from the centre increases arithmetically — a change of one per cent. at the centre of operations producing changes of ten or twenty per cent. in the value of the commodities produced in India and other countries for the English market. The tendency of English political economy is, nevertheless, that of proving the advantages of close connection with a system of such infinite variability !

CHAPTER XXXV

THE SAME SUBJECT CONTINUED.

VI. — *Of Banking in France.*

§ 1. IN the natural world, the real power exerted is always in the inverse ratio of the apparent one — the rumbling earthquake limiting itself to the shattering of city walls, while the silent frost, by disintegrating rocks and levelling hills, is enabled to supply to a microscopic world the material by means of which to build up islands, out of which, eventually, continents will probably be formed. So, too, is it in the moneyed world — the skilful financier always finding his most productive taxes in those exchanges for whose performance pence and halfpence are required, and not in those which need the aid of gold. Tobacco, salt, and beer, therefore, pay heavily, while silks and velvets, pearls and diamonds, contribute little to any public revenue. Chief, however, among the subjects of taxation is the instrument which enters into all exchanges — money. The laborer needs its aid when he requires salt, tobacco, beer, or cloth. The capitalist must have it if he would add to his lands, and without it the woman of fashion would be compelled to forego the indulgence of her taste for parties, balls, and operas. Nowhere has this been more thoroughly understood than in France. Nowhere has the policy of a country more tended to the expulsion of the precious metals than was there the case, throughout those dreary centuries which intervened between the accession of the House of Valois and that of Bourbon. Nowhere, consequently, has centralization been more complete—the poverty of the government more uniform—or its necessities more urgent. Nowhere, therefore, has the fraud involved in the falsification of the coin of the realm been more systematically or more enduringly practised—the last appearance of such proceedings being found in the reign of Louis XVI. Scarcely,

however, had it disappeared from the proceedings of the mint, until we meet with it in another form, that of the *assignats*, or paper money of the Revolution — so freely issued that they gradually declined in value until the sum of six hundred francs, or the equivalent of more than a hundred dollars, would pay for only a single pound of butter.

Of all the instruments of taxation, that afforded by the regulation of the currency is the most searching in its effects — the most productive in times of need — the most demoralizing in its action — and the most ruinous in the end. By means of Continental money, at first issued in small quantities and at par, but afterwards so much increased in quantity that hundreds of dollars were required to purchase a single barrel of flour, it was, that the early Congresses were enabled to impose an amount of taxation greatly exceeding that which could in any other manner have been accomplished. By means of *assignats* it was, that the early revolutionary government of France was enabled to collect the taxes by help of which its armies repelled the invasion of 1792. By similar means it has been, that the Austrian government has added hundreds of millions to its revenue during the present century — calling in depreciated paper money and replacing it with that which was promised to be good, and then repeating the operation so many times, that the original holder of dollars now holds little more than pence.

§ 2. With the growth of wealth and population, power over the currency has passed gradually from the hands of government to those of traders in money—seeking to exercise it for their own benefit, and that of those with whom they are connected. So has it been in England, and so is it now in France.

At the close of the Revolution — credit having no existence — money was scarce, and the rate of interest was very high. This, of course, furnished strong inducement for the opening of shops at which money could be bought and sold; or, in other words, banks. Several were, therefore, opened; and had the government abstained from interference, no doubt can now be entertained that competition among themselves would gradually have furnished a remedy for the then existing monetary evils. Napoleon had, however, a strong belief in the necessity for the main-

tenance and extension of that same centralization to which his predecessor owed the forfeiture of his throne; and it furnishes, therefore, no cause for surprise, that we find him, in 1804, decreeing their consolidation into the single Bank of France, and securing to that institution a monopoly of the power of issuing circulating notes. The soldier and the trader are thus ever found in close alliance with each other—both seeking to be enriched at the expense of commerce. Scarcely, however, had the alliance been completed, when it proved that the former had used the latter for his own purposes alone—the bank having little more than come into existence, before it was required to grant to the state so large a portion of its capital as to involve it in difficulty so serious as to render necessary a total change of system. Then (1806) came the definitive organization of the institution on the footing it now maintains, with a capital of 90,000,000 francs, or about \$17,000,000.

While thus centralizing the monetary power in the capital, the government retained the right of authorizing the creation of local banks, and thus producing counter-attraction among the provinces. So little, however, was this power exercised, that the ensuing forty years witnessed the formation of only ten such institutions; all of them, too, of a character so entirely insignificant, that their joint capital was but 24,000,000 francs = \$4,500,000—and the whole amount of their loans less than 80,000,000 = \$15,000,000. Such was the machinery of exchange provided for a country with a population far more numerous than that of either Great Britain or the United States.

That the cause of this was to be found in an excessive centralization, is shown in the following passage from a work to which the attention of the reader has already more than once been called:—

“There is not, probably, a single town of any consideration in France that has not, at one time or another, desired to have a bank. To comprehend why they have found themselves compelled to rest content, deprived of the advantage of such institutions, it is only required that the reader should understand the endless and inextricable formalities through which it is required to pass—the obstacles that are to be overcome—the measures to be pursued—the delays that are to be submitted to—before such a

privilege is granted. To obtain an authorization to establish a bank was, even for the largest and best-situated towns or cities, a Herculean labor. Except the two or three departmental banks formed spontaneously at the close of the Revolution, like those of Rouen and Bordeaux, all the others were founded only after laborious effort, and long and expensive proceedings, well calculated to produce disgust among others who might have felt disposed to look in the same direction. I may, for example, cite the Bank of Toulouse, which was established after years of solicitations, in which were united the council-general of the department, the municipal authorities of the city, and most of the distinguished men of the country — all of whom were compelled to harass the Minister and the Council of State — and that, too, for a series of years — before they could obtain that most simple thing, the formation of a banking company with a capital of 1,200,000 francs = \$240,000. The city of Dijon, after similar efforts, was compelled, by the resistance it encountered, to abandon the idea.”*

The monopoly in favor of the one great bank was thus, as we see, nearly complete, and so continued until the revolution of 1848, when it was perfected by the abolition of all the departmental banks. The tendency of French political and financial action — always opposed to the development of local activity — is here most fully exhibited, as are its results in political and financial revolutions. In regard to all such matters, therefore, Paris may be regarded as France — the development of local action having been so trivial, and so fleeting; warranting us, in the further examination now to be made, in ignoring the existence of local institutions of any kind whatsoever.

§ 3. The power of the bank was to be derived, first, from the exclusive privilege accorded to it of furnishing circulation; and, second, from its capacity to afford to the owners of money a place of secure deposit. Credit being almost extinct, and its notes being of large amount — 500 francs — little was, in the outset, to be expected from the first; and that very little was thence obtained is proved by the fact, that in the first two years the circulation fluctuated between 10,000,000 and 45,000,000 francs — that, in the first year of the final establishment of the bank as now

* COQUELIN: *Du Crédit et des Banques*.

constituted, (1806,) it rose to 76,000,000 and fell to 54,000,000, while in the following year it ranged between 74,000,000 and 107,000,000. The period—being one of great disturbance in the political world—was not well calculated for producing confidence in the minds of those who had seen cartloads of *assignats*, whose value was but little greater than that of the paper that had been used to print them. Under the government of the Restoration, however, there came a change. Peace prevailing at home and abroad, there gradually arose a feeling of confidence—manifesting itself in the gradual increase of circulation, that is here exhibited :—

	Maximum.		Minimum.		Mean.
1819	185,000,000		79,000,000		107,000,000
1820	172,000,000		122,000,000		147,000,000
1827	208,000,000		173,000,000		188,000,000
1828	214,000,000		179,000,000		196,500,000
1833	228,000,000		193,000,000		210,500,000
1834	222,000,000		192,000,000		207,000,000
1843	247,000,000		216,000,000		231,500,000
1844	271,000,000		233,000,000		252,000,000
1845	289,000,000		247,000,000		268,000,000
1846	311,000,000		243,000,000		277,000,000 *

Steadiness is here shown to grow with the growing utilization of money, that has been accomplished by means of circulating notes. In the first of the above periods, the minimum of 1819 is less than half the maximum of the following year. In the second, the variation is less than a fifth; in the third, less than a sixth. The fourth is one of four years, in the closing months of which commenced a crisis of intensity so fearful that it was with difficulty the bank could weather the storm; and yet at the moment of severest pressure, the amount of circulation remained almost precisely where it had stood three years before.

These figures can scarcely be studied without bringing us to the conclusion, that the circulation—governed, as it is, by the wants of the people—has really nothing to do with financial crises, whose true and only cause is to be found in that other element of power—the amount of credits standing on the books of the bank,

and denominated deposits. The more *they* can be swelled, the larger is the power of the bank to over-trade, and the greater must be the intensity of distress resulting from revulsion; but the greater must also be that injury to credit which forces all to look to the one great and controlling institution—the greater must be its power to charge high interest—and the larger must be its dividends. This bank, as well as that of England, has, therefore, *a direct interest in so using the enormous power conferred upon it, as to produce frequent and severe revulsions.*

§ 4. The power of the bank over the currency, and over the value of property as measured by money, is, as we see, wholly uncontrolled—it being, in this respect, omnipotent. How it has been exercised is shown by the following facts:—From 1807 to 1810, the sum of the annual loans by the bank was carried up from 333,000,000 francs to 715,000,000, followed by a crisis, ending in a reduction, in 1811, to 391,000,000. Whence came the power to effect this enormous increase? From the circulation? Certainly not; for the changes of its amount, at any portions of this period, do not appear to have exceeded 30,000,000 or 40,000,000. It did, however, come from the paralysis of private capital in the hands of the bank, made unproductive to its owners, and called “deposits.”

The years 1815 to 1818 witnessed a similar course of operation—the bills discounted in the year having been carried up from 203,000,000 to 615,000,000, and this having been followed by a crisis, resulting in a reduction to 389,000,000. Scarcely escaped therefrom, the bank repeats the operation—carrying up its loans from 384,000,000 in 1821 to 489,000,000 in 1824, and 638,000,000 in the year of crisis, 1825. So was it again in the period of excitement closing in 1837. From 1844 to 1846, the amount of discounts was carried up from 809,000,000 to 1,294,000,000; and yet the mean circulation of the latter year exceeded that of 1845 by only 25,000,000—a sum incapable of producing any material effect; one, too, that would be produced by the mere retention, in the vaults of private bankers, or of departmental banks, of a small excess quantity of notes—notes so retained being as entirely out of circulation, as if they had been returned to the bank of issue and placed to the credit of the depositors.

The sum total of the movements of the bank in 1847, was 2,714,000,000. In 1850, they were but 1,470,000,000 — thus exhibiting a reduction of nearly one-half in the standard measure with which money values were to be compared. Such a change as this tended, of course, to the ruin of all who had labor, lands, or property of any description, that they required to sell. Two years later, in 1852, they were 2,514,000,000; and then, those who desired to purchase found themselves in the position which had before been occupied by those who needed to sell. One class, however, profited by all these changes — the already rich, who dealt in money.

The power to effect such changes is derived from the existence of a monopoly which profits by stoppage of the societary circulation. The more money can be paralyzed in the hands of its proper owners, the more numerous must be the millions lying in the bank, to be used by it in forcing up the prices of securities that those owners would, themselves, gladly purchase at any reasonable rate. Driven, at last, into the creation of new investments, by the building of houses, or the construction of roads, they find themselves arrested in their progress by a sudden disappearance of the imaginary superabundance of money, accompanied by a decline of forty or fifty per cent. in the price of land, lots, building materials, and other commodities and things that they have purchased. Having waited for months, receiving no interest from the bank, they now lose a portion, if not the whole, of their capitals. Not so, however, with the great machine to which these effects are due. Like the Bank of England, it prospers always — its dividends growing steadily, and the tendency towards increase of growth being in the direct ratio of the destruction of private credit. In 1844, its stockholders had 9 per cent. The next year, they received 12·4; but in 1846, preliminary to the crisis which then soon after occurred, they had no less than 14·4 per cent., or nearly thrice the ordinary rate of interest.

§ 5. Turning now to the local banks as they existed ten years since, we obtain results precisely similar — the mean rate of interest among them having been nearly twelve per cent.* With a total capital of 24,000,000, they had a circulation of no less than

* *Du Credit et des Banques*, p. 294.

86,000,000; and for the plain reason, that they, in their sphere of action, were in the enjoyment of a monopoly as perfect as that of the Bank of France itself. They, of course, followed blindly in the steps of the one great institution, as has always been the case in England. When it expanded, they expanded; when it contracted, they did the same—their whole operations tending to little more than to increase the changes, that without them would have been produced. They, however, have since passed away, and the whole banking business of one of the richest countries in Europe is now in the hands of a single institution—having a capital of 91,000,000 francs, or \$18,000,000, and exhibiting debts and credits amounting to more than 1,000,000,000 francs. Its shares, which cost at first but 1000 francs, now command 3200, interest upon which, at the usual rate of discount, would give sixteen per cent.*

In ordinary business, the man who takes large risks in expectation of large profits, is generally ruined. Here, however, it is otherwise—the risks and the profits not commonly travelling together. The first are made by the bank, but when the day of trial comes, the people it is that suffer—the profit exhibiting itself from year to year in the growing dividends of the stockholders, and constantly augmenting prices of the shares.

§ 6. In both the physical and social world, increase of force results from increased rapidity of motion. The use of the circulating note tending to give that rapidity, its effect is seen in the rapid growth of both the commerce and the power of France. Both, however, are small, when compared with what they might attain to be, under a system calculated to give to the movement of the societary machine that steadiness which is required for obtaining a constantly accelerating force.

* "Every wild speculation in England," says the *Quarterly Review*, "has begun in John Bull's rebellion against two per cent." as the rate of interest for money. So has it been at all times in France, whose great bank monopolizes securities, and thus reduces the price of money to the point at which "rebellion" is produced. "Some one" then, continues the reviewer, "brings forward a new scheme, or resuscitates an old one;" after which "canals, water-works, coals, and gas, each take their turn." When, however, they come to be paid for, it is found that the *apparent* surplus of money had consisted only in a *real* surplus of bank liabilities—now requiring to be paid. Then comes the crash, to the ruin of all—the money-lender alone excepted.

"Not a man in France," says M. Coquelin, "produces as much as he could"—a fact whose cause is to be found in languid circulation. The real difficulty, as he continues, is not that of production, but that of finding a purchaser for the things produced. Why does this difficulty exist? Because of the existence of a political and financial centralization unexcelled in Europe.

Political centralization requires for its support an amount of taxation, in money and in service, wholly out of proportion to the resources of the country. The necessity for accumulating the money with which to pay their taxes, causes stoppage in the circulation. When paid, it goes to Paris, and thither go the people who otherwise might be employed at home; and hence the extraordinary tendency to instability of the government. Financial centralization now steps in, and makes a further stoppage of the circulation—rendering it necessary for all who have money to invest to send their means to Paris, there to be employed in supporting thousands and tens of thousands of people, who might otherwise be productively employed elsewhere.

France is, however, a country of "contrasts." A centralization that is unmatched tends towards slavery and death; but, on the other hand, she profits by the advice of Colbert—seeking always to bring the consumer and the producer close together, and thus to give value to the produce of the farm. The consequences are seen in the fact, that she exports a larger quantity of home-grown products in a finished form, than any other country of the world—that she obtains for them a higher price than any other—that her power to attract the precious metals is steadily increasing—and that she prospers in despite of a taxation for governmental purposes that is most oppressive, and a taxation for the maintenance of the stockholders of the Bank of France, compared with which that required for the support of her fleets and armies sinks into insignificance.

CHAPTER XXXVI.

THE SAME SUBJECT CONTINUED.

VII.—*Of Banking in the United States.*

§ 1. THE political system of the United States tends towards decentralization. So, too, does their financial one; but here, as elsewhere, a policy that seeks the extension of trade at the expense of commerce, produces disturbance, whose result is already seen in the establishment of a centralization that but a few years since, would have been regarded as beyond the possibility of occurrence.

The gradual development of the banking system in the half century which followed the peace of 1783, is here exhibited :—

	No. of banks.	Capital.
1811	88	\$42,000,000
1816	246	89,000,000
1820	807	101,000,000
1880	828	110,000,000

Prior to this last, owing to the imperfection of the returns, neither the amount of loans, nor the proportion borne by them to the capital, can be shown. Of that date, however, we have returns from 281 banks, with capitals amounting to \$90,000,000—leaving unreturned, 49, whose capitals were \$20,000,000. The loans and investments of all kinds, of those returned, were \$130,000,000; and if to this be added double the amount of the capital of those unreturned, or \$40,000,000, we obtain a total of \$170,000,000, based upon a capital of \$110,000,000—giving an excess of little more than fifty per cent.

§ 2. For later periods, the amounts are thus given — the item investments including not only loans and discounts, but stocks, real estate, and all other property, except specie, the mode of statement least favorable to the institutions :—

	1837.	1843.	1848.	1851.	1854.	1856.
Number..	634 ...	691 ...	751 ...	879 ...	1208 ...	1300
Capital — in millions.....	290 ...	228 ...	204 ...	226 ...	301 ...	332
Investments — in millions...	567 ...	319 ...	398 ...	464 ...	630 ...	711
Excess investments.....	270 ...	91 ...	194 ...	238 ...	329 ...	379

With the exception of the period immediately succeeding the great financial crisis of 1841–2, the amount of investments appears in all these cases to have been, as nearly as may be, about twice the capital ; whereas, as has been seen, the loans of the banks of England and France are three, four, five, and even as much as ten, times their capitals. Great as is this difference between the American and European systems, it yet represents but a part of that which really exists. Of the capital of English banks, very much is frequently found in expenditures made with a view to securing business ; while the Banks of England and of France hold real estate, banking-houses, &c., not included in the statements given above ; whereas in those of the American banks all such investments are included. Again, the only real banking capital of the Bank of England is to be found in its surplus fund, or *Reserve*, of £3,000,000 — being an addition to capital such as exists almost everywhere among the American banks, and constituting an offset against the excess of loans above exhibited.

Adding this to the capital of 1856, and deducting, on the other hand, the real estate then held for purely banking purposes, the total capital of that year would be swelled to at least	\$345,000,000
While the investments would scarcely exceed.....	655,000,000
Giving as the excess of investments.....	\$310,000,000

or about ninety per cent. That excess represents the total amount of circulation, and of credits on the books, for the redemption of which the institutions have not specie in their vaults.

§ 3. The amount of the currency of a country dependent upon the movements of its banks, is to be found in the circulation and the deposits, *minus* the quantity of specie retained on hand. The first, as has been shown in the examination of English banking, is an almost constant quantity; whereas, the last tends to change with every rise and fall of the political or financial barometer. — The first—while increasing the utility of gold and silver by giving greater facility for the transfer of property therein — is regulated strictly by the wants of the people themselves; as, whatever may be the extent to which a bank may see fit to extend its loans, it has no power to compel the person to whose credit the securities are placed, to convert them into notes. He *may* do so, if he will, but he will not do so unless it pleases him; and so long as the option rests with him, and others like himself, the amount of the circulation rests with him and them, and not with the bank. Hence it is, that the tendency to steadiness in the circulation is so great.

In the case of “deposits” directly the reverse of this occurs — increase in their amount being dependent upon the will of bank directors, who may, or may not, add to the credits on their books. Every such addition swells the amount of private capital in their hands, unproductive to its owners; and hence it is, that the tendency to instability in the loans dependent upon deposits, is so great. Again, the bank-note simply facilitates the transfer of an *existing* piece of money — enabling a single piece to do as much work as without its help could be done by five, or ten. The loan that is based upon a deposit doubles the *apparent* amount of currency — the power of purchase remaining with the real owner of the money, while being exercised, and to the same extent precisely, by him to whom the bank has lent it.

Such being the case, the tendency to stability and regularity should be found existing in the precise ratio in which the excess of loans is based upon the circulation; and, *vice versa*, the tendency to instability should be in the ratio in which that excess is based upon the deposits. Assuming this to be the case — and that it is so, cannot be questioned by any one who has carefully examined the facts already laid before him—we may now compare the extent to which American banks are possessed of the qualities required for giving stability and regularity, as compared with English ones.

The loans of the first, not based upon actual capital, amount to about.....	\$310,000,000
Their actual circulation is probably about.....	160,000,000
Leaving, as the amount of loans based upon deposits.....	\$150,000,000

The total amount of loans dependent upon the variable quantity—that one which, to its whole extent, *duplicates* the money at the command of individuals—amounts, therefore, to only \$150,000,000, being less than the amount of such loans made by ten joint-stock banks in London, whose whole capital is but \$18,000,000. Adding to this, the similar loans made by the Bank of England, the country banks of all kinds, and the Scottish ones, we should find the element of instability in the British institutions to an amount five times greater than in the American ones. Even this, however, does not truly represent the facts; and for the reason, that while the amount increases in an arithmetical ratio only, the risk of change does so in a geometrical one. A bank with a capital of \$1,000,000 may safely calculate that the credits on its books can never fall below \$200,000; and when the amount of its loans based upon such credits is limited within that sum, no change can ever be required. Let it, however, extend this to \$400,000, and a probable necessity for considerable change will have been produced. Extending them to \$600,000, a necessity for future change will have become certain. Carrying them up to \$1,000,000, there will arise a high degree of probability that the change required will be so great as to bankrupt the customers, and annihilate the bank itself, with all its powers. The quantity of the excess has only quintupled, but the danger of instability has grown a thousand times. Instability and insecurity thus grow with the growth of the power of banks to trade upon the capital of individuals left temporarily in their hands; while it declines as the loans of those institutions become more and more limited to their power to furnish circulation. Such being the case, the perfection of instability should be found in England, while the nearest approach to stability should be presented by the banks of New England—the one furnishing almost the nearest known approach to the highest centralization, and the other exhibiting a decentralization that is almost perfect.

§ 4. Centralization and slavery travel always in the same direction. So is it, too, with decentralization and freedom.

The more perfect the local action, the more *instantly* will the demand for capital follow its production, and the less will be the power of banks to trade upon deposits lying unproductive to their owners. The more perfect the local action, too, the greater will be the power of association, and the less will be the proportion borne by all the instruments of circulation — whether gold and silver coins, or circulating notes — to the operations of the community and the amount of commerce. Such being the case, the currency of the United States should be found representing a smaller number of days of labor than that of England or France; and that it does so, is proved by the following facts:—

The specie of France is estimated at.....frances	3,500,000,000
The circulation and deposits of the bank—minus the specie actually in its vaults — may be taken at.....	400,000,000*
Giving a total of.....	3,900,000,000

or about 110 francs per head — a sum representing probably 80 days of agricultural labor.

The quantity of specie in Great Britain is probably.....	£40,000,000
The circulation is.....	81,000,000
The deposits, liable to be demanded at any instant, are prob- ably	60,000,000†
	£181,000,000

From which deduct, for the specie usually held by the bank, say	11,000,000
And we have for the currency.....	£120,000,000

being about £4 10s. per head, or the equivalent of 45 days of labor, at 12s. per week.

* Taking the summer of 1854 as a standard, we have the following figures as representing the usual condition of the bank:—

Circulation.....frances	610,000,000
Represented by specie.....	470,000,000
	140,000,000
Credits on its books	270,000,000
	410,000,000

† The whole amount of credits on the books of the banks is probably thrice this sum. A large proportion, however, bears interest, and is not liable to be reclaimed on the instant, although it may be so, on a few days' notice. What thus remaining, it does not constitute a part of the currency, although readily converted into currency.

The specie in the United States, in and out of banks, hoarded and in circulation, is probably.....	\$160,000,000
Adding to this, for the amount of loans by banks, based upon their circulation and deposits.....	870,000,000
We have a total of.....	<u>\$530,000,000</u>

giving about \$20 per head, or the equivalent of 30 days of agricultural labor.*

The capital of all the banks of New England, 491 in number, is	\$112,000,000
Allowing to each, for surplus profits, only \$6000, it would be..	115,000,000
Their investments of all descriptions, bills, notes, stocks, bank- ing-houses, &c., are.....	<u>181,000,000</u>
The excess is 57 per cent., and amounts to.	66,000,000
Deducting from this, the specie in their vaults.....	<u>7,000,000</u>
We obtain, as the addition to the currency resulting from the existence of banks.....	\$59,000,000
The gross circulation is \$46,000,000, but the <i>net</i> amount is probably not more than.....	42,000,000
Leaving as the quantity of currency resulting from the dupli- cation of the capital deposited by individuals, only.....	<u>\$17,000,000</u>
The amount of circulation, and of deposits payable on demand, may be taken at about.	\$60,000,000
To this may be added for the coin in circulation among the people.	<u>3,000,000</u>
Giving a total of.....	\$63,000,000

as the currency in use among a community of 3,200,000 persons. The amount per head is under \$20 — representing about 25 days of agricultural labor.

* In giving these quantities, no approach to strict accuracy is to be expected. The quantity of coin in circulation is stated differently by all who speak of it. In a table now before the writer, it is estimated that the *addition* to the gold circulation of Britain in the last few years has been £100,000,000 — thus making it necessary that each individual, male and female, old and young, peer and pauper, should have in his possession, on an average, five sovereigns more than sufficed for all his purposes ten years since. In like manner, the specie in actual circulation among the people of the United States is now put down at \$191,000,000, or more than \$7 per head (*Treasury Report*, for 1855, p. 52) for the whole population; when it may safely be affirmed that, of all the *men* in the country, not one in a thousand would, at any given time, be found in possession of that quantity—and that, of all the women and children, there would not be even one in ten thousand. Much is probably hoarded, and much is kept in the act of being transported from place to place. While hoarded, or while being transported, money is not in circulation; and yet all in use and out of use, hoarded and not hoarded, would probably be required for carrying up the total quantity even to the amount given in the text.

The currency of France thus represents the labor of 80 days.

That of England " " " 45 "

That of the United States at large " " 30 "

That of New England " " 25 "

and in this latter it is, that we find most of the elements of stability.

§ 5. The amount of the precious metals supposed to exist in France, in the form of coin, is about 100 francs per head —

Representing the labor of more than..... 70 days.

In Great Britain, about £2 — representing..... 20 "

In the United States at large, \$5.50 —equal to..... 8½ "

In New England, \$3 —representing less than 4 "

The currency of France is the most costly. There it is that money is least utilized by means of circulating notes — that the need of improved machinery of exchange is most experienced — and that the proportion borne by the currency to production is the largest. The hoards of that country are, however, very numerous. Frequent revolutions, and the absence of local institutions in which to make small and temporary investments, tend, both, to the production of this effect. It may well be doubted if the quantity of money in actual use is even one-half of the sum at which it is usually estimated, and at which it is above put down.

The currency of England is very costly, but less so than that of France — money being there far more utilized by the means of notes. The proportion in which it stands to labor is large. Its tendency to instability is, therefore, very great.

Far less costly than either of the above, and with far superior claims to stability, is the highly-localized system of the American banks in general; but when we reach New England, we find the least expensive, the most useful, and the most stable of all the currencies of the world. The more perfect the freedom, the greater is the tendency to stability, and the less the cost, as is proved in the passage from the Southern and Western States towards the Northern and Eastern ones.*

* Real and nominal freedom are widely different from each other. The first is found in New England; but for centralization under the guise of freedom, we must look to New York, whose nominally free system is most justly characterized by an eminent Italian economist, in the following passage:—

"The following facts exhibit clearly the power of mere words in the creation and propagation of opinions. In 1838, New York led the way in repeal-

§ 6. The great desideratum of a system of currency is *steadiness in its own value* — fitting it to be a measure of changes in the value of other things. That such is the case with measures of weight and length, is abundantly proved by the exceeding care with which it is sought to provide a standard with which to compare all yardsticks, all pound weights, and all other of the instruments used for determining the quantities of cloth, iron, sugar, cotton, and other commodities that pass from hand to hand. Were the yardstick to be variable in its length, or were the pound weight to consist sometimes of sixteen ounces, and at others of twelve, they would lose their whole utility — those only profiting by them who desired to buy by the long measure and sell by the short one—thereby enriching themselves at the cost of their unsuspecting neighbors. How almost infinitely greater, then, must be the need for steadiness in the instrument by means of which we compare the values of land, labor, houses, ships, sugar, cotton, tobacco, and other commodities and things! It is the one essential quality of a currency; and the advantage to the community resulting from the use of this great instrument of association, must be in the precise ratio of its existence.

Steadiness being found in the physical world in the ratio of the width of the base to the height of the superstructure, so should it be in the financial one — there being but a single system of laws for the government of all matter, let it take what form it may. That being so, the highest steadiness should be found in the American system, and the highest unsteadiness in the British one — a diagram representing the one being required to present an elevation exactly equal to its base, while the other would require that the elevation should be at least eight times greater than the base, as here is shown :—

ing the then existing laws requiring the previous authorization of the Legislature for the creation of banks — substituting therefor a general system, in virtue of which all who so desired might establish such institutions; and her example has since been followed in other States. The system thus instituted was called 'free banking,' a title it little merited—the banks established under it being prohibited from issuing notes beyond a certain sum, proportioned to their respective capitals; and all the notes being required to be guarantied by a deposit of securities in the hands of the Comptroller of the Finances of the State. The—so-called—free banks are thus governed by a law very analogous to that of Sir Robert Peel — adding thereto defects of its own that I shall not here exhibit. Nevertheless, all the disorders of the *free* banks are ascribed to a *freedom* that has, as we see, no real existence." — GIULIO: *La Banca ed il Tesoro*, p. 102; Turin, 1858.



British system.



American system.

The one discourages local association, and thus promotes centralization; the other seeks the promotion of local association, and in that direction steadiness of action is always found.

The difference here observed between the two great masses, is equally obvious when we compare the different portions of the system of the United States. Each State — and they are thirty-one in number — determining for itself the conditions upon which its citizens may establish banks, restrictions and liabilities are found in some cases greatly exceeding those we meet in others. Thus, for instance, Rhode Island had, in 1852, 71 banks, or one for every two thousand of its population — the right to establish shops for dealing in money having always there been exercised with a freedom unknown in any other portion of the world. Their capital was \$14,037,000; and if to this we add their several surplus funds — amounting to \$839,000 — we obtain a total of \$14,876,000; while all the property held by them, real estate included, amounted to only \$19,486,000 — being but thirty per cent. beyond their actual capitals. Having here a broad foundation for a building of little height, the effects are seen in the fact, that changes in the value of property resulting from the action of Rhode Island banks, have been too trivial to merit even the slightest notice.

The reverse of all this is seen in Pennsylvania — a State in which the security of banking is supposed to be promoted by the

centralization of power in the hands of the managers of a few highly-favored institutions. The number of banks in 1850 was 63 — being only one to every forty thousand of the population. Their capitals were \$20,357,000 — giving \$8 per head; whereas those of Rhode Island gave nearly \$100 per head. Their loans and discounts amounted to \$44,000,000, but the total investments were nearly \$50,000,000 — giving an excess of no less than a hundred and fifty per cent.; with corresponding decrease of steadiness. In the one case, no circumstances could occur to render necessary a change of action amounting to even five per cent.; whereas, in the other, a change of almost fifty per cent. would be required for reducing them to the point of safety at which the Rhode Island banks habitually stand.

Connecticut had, in 1850, 53 banks—being one to every seven thousand of her population. Their capitals were \$9,907,000, or \$24 per head. Their investments amounted to \$19,624,000 — giving an excess of nearly sixty per cent. Virginia had, at the same time, 6 banks — giving one to every two hundred and forty thousand. Their capitals were \$9,824,000 — being \$7 per head. Their loans were \$19,624,000, or nearly double the capitals.

Comparing New England with New York at the present time, we have in the one 491 banks, with capitals of \$112,000,000, and loans of \$181,000,000; while in the other we have 338, with capitals amounting to \$85,000,000, and investments of various kinds amounting to little less than \$220,000,000. In the one, decentralization is almost perfect; whereas, in the other, there is a centralization almost as complete, created by means of a law for promoting *freedom* of banking. In the one, stability is nearly perfect; whereas the other presents to view a model of instability.

Missouri, with a population of seven hundred thousand, has 1 bank, with a capital of \$1,269,000, and with investments almost quadruple that amount. Every thing here, as the reader will perceive, is directly the opposite of what is met with in Rhode Island — the one presenting all the characteristics of stability as the associate of freedom; while in the other are found those of instability, as a consequence of restriction.

Steadiness in the currency grows thus, as we see, in the ratio of the freedom with which men indulge their natural desire for association with their fellow-men; and with its growth we wit-

ness everywhere, a decline in the power of that portion of the community which lives at the cost of their fellow-men. The stockholders of the Bank of France obtain thrice the usual rate of interest, while the men whose capital they use are compelled to be content with mere security for the return of their capital, without interest. The proprietors of joint-stock banks in England receive enormous dividends, while the depositors are required to be content with three per cent. The Bank of England divides eight per cent., while giving its depositors nothing. Pennsylvania banks divide ten and twelve per cent.; or double the legal rate. Those of Massachusetts give seven; while Rhode Island stockholders receive an average of six—being precisely the rate of interest paid by those who borrow.—The more perfect the freedom of association for banking purposes, and the fewer the liabilities imposed, the greater is the tendency to equality of rights, the more secure the currency, and the less its cost.

§ 7. The average number of banks in New England from 1811 to 1830 was 97, and the failures in twenty-five years were 16—giving two-thirds of one per cent. per annum. The average capital was about \$22,000,000. Those of the institutions that failed were \$2,000,000, giving thirty-six-hundredths of one per cent. per annum. The loss sustained by the community cannot much have exceeded \$500,000*—giving an annual average of \$20,000, or one-eleventh of one per cent. of the capitals of the banks, and not even one-thousandth of one per cent. of the operations facilitated by those institutions. The risk attendant upon transactions with the banks in New England, for a period of above a quarter of a century, thus averaged less than one dollar in every hundred thousand. Excluding Connecticut—in which one failure was attended with great fraud and considerable loss—it did not amount to two dollars in a million.

In New York, from 1807 to 1837, the banks averaged 26 in number, and there were 16 failures, being an annual average of one-half of one per cent. The capital averaged \$16,000,000,

* The Eagle Bank of New Haven owed, in 1827, after its failure, above \$800,000. What portion of this was paid we do not know. All the losses sustained in New England in the period referred to, excluding this bank, were absolutely insignificant.

and that of the institutions which failed was \$3,500,000 — giving about seven-eighths of one per cent. per annum. The losses, however, as in Massachusetts, fell generally upon the stockholders, and not upon their creditors. But two failures took place between 1825 and 1837, so that in that period the annual average was less than one-half of one per cent. upon the number that existed in 1830. One of them paid all its debts, and there was no loss to any but the stockholders. The risk attendant upon trading with a bank, or using a bank-note, cannot be taken to have exceeded three dollars in every million, and perhaps not more even than a single dollar in every million of transactions the performance of which had been aided by the existence of those institutions.

In Pennsylvania, the banks averaged 29, and the failures were 19 in number — giving an average of two and a half per cent. per annum. Almost all of these, however, took place in the period immediately following the close of the great European war, and but three, all trifling in amount, occurred in the period from 1820 to 1837. The average capital of the State banks, from 1811 to 1830, was \$15,000,000, and that of those which failed, from 1811 to 1836, was \$2,000,000, or one-half of one per cent. per annum.

The average number of banks in those States, from 1811 to 1830, was 163. The whole number of failures was 56 — giving an average of $2\frac{1}{2}$ per annum, or one and three-eighths per cent. The average capital was \$55,000,000, to which must be added one-half of that of the Bank of the United States,* making a total of \$72,000,000. The capitals of those which failed were \$10,000,000 — giving an annual average of little more than one-half of one per cent. In the years from 1822 to 1837, their amount scarcely exceeded \$2,000,000 — giving an annual average of about \$133,000, or eighteen hundred dollars to every million of capital. The utmost loss sustained by those who had dealt with the bankrupt banks, or who had held their notes, during the whole period, cannot be estimated as having exceeded \$3,000,000; and it was probably not even half of that amount. Assuming it, however, at that, it did not exceed the five-hundredth part of one per cent.

* But about one-half of the capital of the Bank of the United States was employed in those States.

upon the transactions of individuals with those institutions, and would give a risk of one dollar in every fifty thousand. In the last fifteen years of the period, it did not exceed five dollars in a million, and it may be doubted if it was more than a single one.

In no country had so great a mass of transactions been carried on in a manner so advantageous to the community, and with so small an amount of loss; as a consequence of which the rate of insurance upon the debts of individuals to banks, or of banks to individuals, had generally been lower than in any other part of the world.

Taking the whole Union together, the average number of banks in existence during this period was 242, and the total failures amounted to 167, three-fourths of which were south and west of New York — the proportion increasing with the diminution of population and of wealth. The annual average of failures was two and three-fourths per cent.; whereas the failures of private banks in England, in the period from 1814 to 1816, were 240 in number, and more than twenty-five per cent. of the whole. Even between 1821 and 1826 — a period in which there was no extraordinary occurrence — the English average was nearly as high as the American one during a quarter of a century in which there had been changes from peace to war, and from war to peace—the whole world having been agitated by the extraordinary events attendant upon the great war in Europe, and the peace which followed it. It is a fact strikingly illustrative of the advantage attendant upon freedom in the exercise of the power of association, as compared with the monopoly system of England, that from the first institution of banks in America to the year 1837, the failures were less in number, by almost a third, than those of England in the three years from 1814 to 1816. Further, if it is true, as is stated, that the losses in trade in that country amount to £50,000,000 a year, it would be safe to assert that all the losses by stockholders, noteholders, depositors, and receivers of counterfeited notes, had not then, from the first settlement of the country, amounted to one-tenth as much as the usual annual losses resulting from private failures in England.

§ 8. In New England, there is, almost literally, no capital not directly employed for the advantage of its owners. The whole

sum on deposit, and in circulation, is little more than that which is required for daily use. The class of persons who in Scotland place their capitals on deposit, in New England become stockholders, and receive, as dividend, the same rate of interest that is paid by the borrower — the expenses being paid by the profit of circulation. There is here, consequently, only the friction of a fine locomotive upon a well-built railroad. How far this system tends towards bringing into activity the small amounts of capital that might otherwise remain idle and unproductive, is shown in the following statements :—

Careful examination of all the banks in Portsmouth, New Hampshire, 6 in number, and comprising an aggregate of 11,045 shares, showed that there were owned by

Females	2,438 shares.	Government officers...	438 shares
Mechanics	678 "	Mariners	434 "
Farmers and laborers.	1,245 "	Merchants	2,038 "
Savings' bank.....	1,013 "	Traders....	191 "
Guardians.	630 "	Lawyers	377 "
Estates.....	307 "	Physicians.....	336 "
Charitable institutions	548 "	Clergymen.....	220 "
Corporations and State	157 "	Total shares.....	11,045 "

Six other banks in that State exhibited about the same proportion of ownership between the different classes.

The whole number of stockholders of the Bank of Utica, New York, was, and perhaps still is, 191, of whom there were

28 Farmers,	8 Bank officers,
18 Merchants,	2 Officers of the U. States Navy,
15 Trustees of estates, executors, or guardians,	1 Broker,
45 Females, generally unmarried or widows,	1 Presbyterian church,
1 Clergyman,	1 School district,
9 Lawyers,	17 Aged persons retired from business, and
1 Physician,	27 Unknown, residing out of the State.
9 Manufacturers,	191
4 Civil engineers,	

More than one-fourth of the whole capital stock of the banks in the State of Massachusetts was, some years since, held by females,

trustees, guardians, executors, administrators, and institutions for savings. The apportionment was as follows :—

Amount of stock held by females.....	\$3,834,011	83
“ “ “ trustees	2,625,616	67
“ “ “ guardians.....	588,045	17
“ “ “ savings' institutions.....	2,255,554	88
“ “ “ executors and administrators..	692,519	17
	<u>\$9,995,747</u>	<u>17</u>

Banking in New England is a system of savings' banks. In England, it is deemed disadvantageous to have joint-stock institutions with shares of £5 or £10, because they might “degenerate into mere savings' banks,” in which “servant men and women and little tradesmen would put their money.” Banks with unlimited liability are anxious to present the names of “men of rank and fortune” as shareholders — the credit of the institution resulting from power on the part of creditors to look to private fortunes. Banks of limited liability invite “little tradesmen,” and even “servant men and women,” to become stockholders — the credit of the institution depending upon the extent of its capital, and not upon the rank or fortune of the proprietors. The former desire to trade with large operators, while the latter place capital at the command of “little tradesmen” or meritorious artisans — thus enabling both to place themselves in the lead of men by whom they had been employed.

The banks of Massachusetts have received on deposit the surplus funds of the people, and they have paid them over as required ; or they have transferred them from the account of one to that of another. They have furnished a circulating medium more convenient than gold. The people of that State have enjoyed advantages resulting from the credit system exceeding those of any other part of the world, except Rhode Island ; their labor has been aided thereby as much as by their turnpikes and railroads ; and the toll that has been charged has been insignificant. During a long period of years, the owners of bank stock received common interest (six per cent.) for the use of their capital ; and, in addition, each institution received, on an average, \$5000 per annum for the payment of its expenses, and for losses incurred while thus transacting the business of the people. A commission of one-

hundredth of one per cent. upon the transactions facilitated by them would have amounted to a thrice larger sum. The stockholders perform numerous and important duties for the community — giving as security for their faithful performance the whole amount of their respective interests in the institutions. The security being thus limited, they perform those duties free of charge. Were their responsibilities increased, their demands would more resemble those of the joint-stock banks of England.*

Leaving New England, and passing south, we find a constant increase in the dividends of the owners of bank stocks, and an equally constant increase in the unemployed capital remaining in bank in the form of deposits, to be employed for the benefit of the banks themselves, and to the entire exclusion of its owners. As under such circumstances might naturally be expected, the currency becomes more costly, while steadily losing the essential characteristic of money—that one which qualifies it for use as a standard — stability in its own value.

§ 9. The American system provides for the localization of capital, for the benefit of its owner and those in whom he is interested; while both the British and the French systems provide for its centralization in London and in Paris, there to be used by middlemen styled bankers, who borrow money at a low price and lend it at a high one. Under the one, fully carried out, small institutions, acting as savings' banks, would be everywhere found, as is now the case in the New England States. Under the other, the savings of the poor laborer of Cork, or Limerick, are required to be invested in government stocks; as are, in France, those of the workman of Sedan or Rouen, the farm-laborer of Provence or of Languedoc. Decentralization tends towards steadiness; and yet the last half century has witnessed no less than two suspensions of all the banks of the country, while on another occasion more than half of them were compelled to adopt that course. Great institutions, like the United States and Girard Banks, have been entirely annihilated, to the ruin of their stockholders. Many smaller ones have sunk nearly all their capital; yet, examine the general banking movement where we may, we find the loans

* The Bank of Hamburg charges nearly one-half of one per cent. on all moneys passing through its hands.

to be so small, when compared with their actual capital, as to warrant us in expecting a steadiness that would ensure to the people a regularity in the currency greater than could be found in any other country; and to the stockholders an almost entire security against serious danger. The cause of all these things will be found in the following proposition:—

Money cannot have that stability of value which is required for constituting it a proper standard of value, in any country in whose favor there is not a steady and regular balance of trade payable in the precious metals.

That this *must* be so, the reader will readily perceive. Those metals are required for various purposes in the arts. They are liable to be lost, while, of all others, they are most subjected to the hoarding propensity; and, while hoarded, they are wholly useless to the community. For the moment, they are annihilated. Further, coin is liable to loss of weight by abrasion, as is so obvious to all who still need to use the smaller silver coins of earlier days. For meeting these demands, an inward flow of the precious metals is as much required, as is such a flow of corn or oil, silk or cotton, in the countries in which those commodities are not produced.

Such being the case, it is clear that *no country can continue permanently to use gold and silver coin as currency, against which there is a steady balance of trade.* Whatever may be the quantity held, and how small soever may be the excess of export, that, combined with the consumption, must gradually so reduce the quantity as to cause distrust and hoarding—each and every step in that direction being one of constant acceleration. Rich as is Brazil, she uses paper certificates in place of coin.—Abounding in gold as California does, the price of money is there enormous, and has led to repudiation of her debts.—The value of Russian paper money was well maintained during many years of war, but it so declined in value after the peace of 1815, and the establishment of comparative freedom of trade, that a note for four roubles would exchange for only one in silver. With natural advantages exceeded by those of no country in the world, Turkey collects her revenue in kind, while the government debases the coin from year to year. Portugal was bankrupted by the Methuen treaty, which made provision for that export of raw produce

which was to lead, inevitably, to the export of her stock of the precious metals. Spain exported raw materials — sending with them the produce of the mines of Mexico and Peru. France did the same under the treaty of 1786, and thus produced a revolution. The balance of trade having always been in favor of England, she has been enabled to use gold and silver coin; and to an extent unknown in any other country of the world. France now does the same, and so do Belgium, Northern Germany, and Russia — all of which are following in the line of policy indicated by Colbert, and so long pursued by England. All experience proves that the balance of trade *must* be against the countries which export raw produce—that the precious metals *must* flow from those countries—and that they must, while continuing in that course of policy, abandon the idea of using gold and silver coin as a standard of value.

Reasoning now *a priori*, we arrive — and that inevitably — at the same results. A country that does not produce the precious metals must dispense with their use, or it must import them. To enable it to do the latter, it must establish in its favor a balance of trade payable in those metals. If it fail to do this, it must cease to use them in the arts, and must at length dispense with their use as standards for the comparison of values. To attempt to maintain the reverse of this is a pure absurdity; and yet such is the tendency of all those teachers of modern political economy who follow in the train of Hume and Adam Smith, in reference to this important question.

§ 10. The policy of the United States has been very variable — tending occasionally, and for short periods, to the arrest of the export of raw materials, and of gold. As a rule, however, the tendency has been in the opposite direction — the consequences having exhibited themselves in the stoppage and failure of banks above referred to. They are found, for the first time, in the period from 1817 to 1824, when manufactures came freely in, and coin went freely out. For the second, in the calamitous years which preceded the passage of the act of 1842.* Excluding these two periods, it may be doubted if all the failures of banks throughout the Union, in the thirty years from 1816 to 1846,

* See *ante*, p. 316.

amounted to the thousandth part of one per cent., or if the losses of the people by the banks, amounted to even the millionth part of one per cent. upon the business which they so much facilitated. The losses resulting from the use of ships in a single year, would pay a hundred times over the losses by all the banks of the country for a century — with the exception of the six years ending in 1824, and the five which closed in 1842.

Then, as now, the country was strained in the effort to produce an export of raw materials, by which the soil was to be exhausted; and then, as now, the precious metals followed in their train. The policy forbade the use of gold and silver coin. It forbade the existence of credit; and hence it was, that hoarding became so general in the years from 1837 to 1840, that the large export of coin to this country by the Bank of England, in 1838, had not even the slightest effect in restoring the confidence that had been lost. So is it now. The quantity of gold in the country is greater far than it has ever been, but it is shut up in treasury vaults, because of want of confidence in banks; it is being transported from South to North, or from West to East; or it is shut up in private hoards; but — and for the simple and obvious reason that confidence has no existence — it is not in circulation. All are looking for an explosion similar to those of the periods of 1817–20 and of 1837–42; and all who can, prepare for it.

Directly the reverse of this is what we meet with, whenever the policy of the country tends to raise the prices of home-grown raw materials, and thus to arrest their export. Under the tariff of 1828, so perfect had become the stability of the price of flour, that it remained entirely unaffected here, notwithstanding the extraordinary changes of foreign markets.* Under that tariff, the precious metals flowed in, and confidence was complete. The policy was changed, and mines ceased to be opened, while furnaces ceased to be built; and then confidence disappeared. Under the tariff of 1842, money became abundant — not because of a large increase of import, but because of the almost instant re-establishment of public and private credit. The gold and silver that had been hoarded, and thus for the time annihilated, then

* See *ante*, p. 281.

came forth, to become available for the purposes for which they were intended.

All the facts presented by the history of the United States may be adduced in proof of the assertion, that *the country which maintains a policy tending to promote the export of raw materials, must have against it a balance of trade requiring the export of the precious metals, and must dispense with their services as measures of value.*

Those facts may briefly thus be stated :—

Protection ceased in 1818, bequeathing to free trade a commerce that gave an excess *import* of specie — a people among whom there existed great prosperity — a large public revenue — and a rapidly diminishing public debt.

Free trade ceased in 1824, bequeathing to protection a commerce that gave an excess *export* of specie — an impoverished people — a declining public revenue — and an increasing public debt.

Protection ceased in 1834–35, bequeathing to free trade a commerce that gave an excess *import* of specie—a people more prosperous than any that had ever then been known — a revenue so great that it had been rendered necessary to emancipate tea, coffee, and many other commodities from duty — and a treasury free from all charge on account of public debt.

Free trade ceased in 1842, bequeathing to protection a commerce that gave an excess *export* of specie — a people ruined, and their governments in a state of repudiation — a public treasury bankrupt, and begging everywhere for loans at the highest rate of interest — a revenue collected and disbursed in irredeemable paper money—and a very large foreign debt.

Protection ceased in 1847, bequeathing to free trade a commerce that gave an excess *import* of specie—a highly prosperous people — State governments restored to credit — a rapidly growing commerce—a large public revenue — and a declining foreign debt.

Since that time, California has supplied hundreds of millions of dollars in gold, nearly all of which has been exported, or is now locked up in public and private hoards; the consequences of which are seen in the facts, that commerce is paralyzed — that the price of money in the commercial cities has ranged for years

between ten and thirty per cent. per annum—and that the indebtedness to foreign nations has increased to such an amount as to require, for the payment of interest alone, a sum equal to the average export of food to all the countries of the world.

§ 11. The statements that have above been given in regard to the failure of banks, the services rendered by them to the community, and the price at which they have been rendered, are, as the reader has seen, generally confined to the period anterior to 1836. Up to that time, the interference of the Federal government with banking operations, and with the trade in money, had been limited to the creation of a large central bank, calculated to occupy in relation to the local banking institutions a position almost similar to that occupied by itself in relation to the States of which the Union was composed. Since then, however, all has changed—the government by which free trade was first adopted as the policy of the nation, having also, and almost simultaneously, commenced upon the local institutions, upon credit generally, and upon the use of circulating notes, a war that has not yet ceased. The one tended to promote the export of raw materials, and of the precious metals, which follow necessarily in their train. The other sought the promotion of the use of gold and silver, and the expulsion of circulating notes; and therefore it is, that, for more than twenty years, there has been an almost unceasing effort to accomplish an object that, under the existing system, can never be accomplished. To increase the use of the precious metals, an excess *import* is required. The government has sought to increase their use under a system that causes an excess *export*; and as the object is an entirely unattainable one, it affords no cause for surprise that the history of American banking for the last twenty years is marked by a steady extension of Executive power—tending to the annihilation of the rights of the States and the destruction of the powers of the people.

The consequences of this are seen in a rapid growth of centralization in the Federal government, in reference to the Union at large—in the State governments as regards their own institutions—and in the chief commercial city, New York, as regards its control over the value of land, labor, and property of every description throughout the Union.

That centralization manifests itself in the Federal government in an unceasing effort to lessen the utility of money by prohibiting the use of circulating notes — so great being the anxiety to promote this object, that quite recently it has been proposed by the Secretary of the Treasury to annihilate the power of the States in this regard, by imposing Federal taxes upon notes issued by banks holding their existence under local laws.

In the States, it exhibits itself in a constant series of restrictions upon the use of circulating notes, and in the establishment of what are called free-banking laws, in virtue of which *local* institutions are required to invest large portions of their capital in *central* stocks, and to submit the whole of their affairs to the supervision of State commissioners.

In the chief commercial city, it is manifested in ceaseless changes — expansions and contractions following each other at rapid intervals, and giving power to those who direct the institutions of that city to affect, to the extent of hundreds of millions of dollars, the value of property — thus exciting at one moment, while paralyzing at another, the commerce of all the States and cities of the Union.

Centralization tends always to the destruction of individuality and freedom; and nowhere is this more clearly obvious than in the financial operations of the United States. The Federal government seeks to destroy the power of the States in reference to the currency. The State governments dictate to local institutions in what manner they shall invest their capitals; and the central city paralyzes commerce, by a contraction of the operations of its banks to the extent of less than a single day's production of the land and labor of the country.

The quantity of coin required being a steadily augmenting one, while its utility is a constantly declining one, the effects of this are seen in a growth unparalleled of the class of middlemen — acting as brokers, bankers, money-changers, and the like, and living at the cost of those who labor to produce and require to consume. The palaces of such men increase rapidly in number and splendor, and in like proportion is the growth of squalid wretchedness in the trading cities.

rendering a greater amount of service, and yet none are less understood or more calumniated—none in general more dreaded—than banks. Every community needs a money-shop, or place for facilitating intercourse between those who have money, and those who—having it not—desire to obtain it. One man seeks to have his little stock securely kept. Another requires an order for money to be paid at another place. A third would have a circulating note, and thus be relieved of the necessity for carrying gold or silver, both of which are far more bulky than the note. The owner of thousands of dollars, or of pounds, places them in the bank, which latter pays them out in ten, twenty, fifty, or a hundred smaller sums, of the precise amount desired—thus saving to its customer much labor and all the risk of loss. In the early periods of society, these services are paid for by a commission upon the sums deposited and thus withdrawn; but in the later ones, banks furnish even the greater facility of circulating notes, for the use of which they make no charge—the machinery of commerce thus becoming less costly as it becomes more perfect.

In the various small communities now growing up throughout the Western States, there are many little capitalists, some of whom are preparing for the purchase of houses or lots, or that of little farms; while others seek to open shops. To all of these, while thus waiting, it is desirable that their money should itself be earning something—thus adding to their little stock. To the community itself it is desirable that the accumulations of the tailor and the carpenter—the little fortunes of the widow and the orphan—and the savings of the doctor and the clergyman—should be kept in active operation. Combining their efforts, these little capitalists open a shop for the purpose of lending out their money, and for affording to the people of the neighborhood a place of secure deposit for such portions of their respective capitals as may from time to time become unemployed. The stock therein being held in shares, is readily transferable—the shoe-maker, when ready to buy his house, selling out to the tailor; the clerk, when ready to open a shop, parting with his interest to the clergyman. The joint capital being security to those who trade with it for the safe return of their money, no one now finds it necessary to hide or bury his little stock. The bank, thus organized, aids the farmer in his purchases of manure, the shop-

keeper in obtaining a larger supply of goods, and the builder in obtaining bricks and timber — the little savings of the neighborhood being thus actively employed on the spot on which they have been made. To pay the expenses of management, the bankers must make a charge for the accommodation they afford in receiving, guarding, and paying out again, at the pleasure of their owners, the moneys deposited with them; or they must pay themselves with the interest derived from their use. The advantage derived from the existence of the bank is the facility with which small sums may be temporarily invested, and recalled — the community meanwhile profiting by the fact that all its wealth is actively employed. Were the laborer not to *lend* his fellow-laborer his horse, he could not *borrow* his cart; and were the owners of little sums of money to keep them in old stockings, they might find it difficult to borrow when they, themselves, required so to do.

The money-shop thus formed now constitutes a little savings' bank for disengaged capital; as lands, houses, and lots constitute similar banks, in which is invested what would otherwise be the waste labor of their proprietors. In time — employments becoming more and more diversified — there is, with every stage of progress in that direction, a diminution in the quantity of currency required — the farmer now exchanging directly with the tanner and the shoemaker, and the latter with the dealer in sugar and coffee — the balance alone being paid in money. Less capital being now required for maintaining the machinery of exchange from hand to hand, more of capital and labor may be given to production, and the return to both is much increased — a result towards the accomplishment of which the little money-shop contributes largely.

The owner of money, or currency, now retains some of it in his pocket-book, while other portions of it are in the bank. In the one case, he is the proprietor of what is called "circulation," and in the other he is the owner of a "deposit" — the proportion borne by the former to the latter depending upon the proximity, or remoteness, of the bank. If near to him, he will keep very few notes on hand, because he can have more at any moment — his check always answering in their stead; but if it be remote, he must always have with him as many notes as will serve his purposes for a week, or month. Increase in the facility of obtaining

the description of currency that is needed tends, therefore, to diminish the quantity kept on hand, while facilitating exchanges, and increasing the power of combination. With the growth of wealth and population, there is a tendency to increase in the number of banks; to increase in the facility of obtaining the machinery of exchange; and to diminution in the proportion which money—whether gold, silver, or bank-notes, or in any form other than that of credits transferable by checks or drafts—bears to the amount of commerce. Decentralization thus diminishes the power of banks and bankers, while centralization increases it.

For the most conclusive evidence of this presented by the world, we must turn to the New England States, and for the highest evidence presented by those States, to Rhode Island—the land, of all others, in which the right of associating for banking purposes has always been most freely exercised. There, almost every village has its shoe-shop, its smith-shop, and its money-shop. Every man has at hand a savings' fund, in which he deposits his savings—buying first one share, and then another, until at length he is enabled to purchase a little farm—to open a shop—or to commence manufacturing on his own account; when he sells out to some one of his neighbors who is following in the same direction. The bank derives, from the use of its deposits and from its circulation, enough to pay its expenses, and nothing more—the quantity of idle capital remaining in the form of money, whether real or imaginary, being always small, as is the amount of circulation that can be maintained. In no part of the world is the proportion which coin and notes bear to the amount of commerce so small; and yet in none do there exist such perfect facilities for furnishing circulation. In none does the individual banker so little appear. In none does the bank trade so much upon capital, and so little on credit. In none, consequently, are banks so steady and so safe.

Perfect freedom in the exercise of the right to associate, has never existed anywhere to so great an extent; and the result is seen in the maintenance of a currency less subject to fluctuations than any other that has yet been seen. Of all the communities of the world, it is the one that boasts the greatest number of banks, and greatest amount of capital therein invested, in proportion to its population; and it can show that its banks, be-

cause of the perfect freedom there enjoyed, were enabled to pass through the calamitous period from 1835 to 1842 with an alteration in their loans of less than three per cent. They cannot expand improperly, because — the power of competition being complete — rival institutions would follow such expansion ; and thus are they shown to be governed by the same law which forbids the shoemaker and the tailor, by charging exorbitant prices, to afford inducements to rival workmen to come and “ push them from their stools.” Not having the power of undue expansion, they cannot be driven to contractions. Always steady in their motion, their customers do not fail, nor do they fail themselves ; as is shown by the fact, that in forty years of war and commercial revolutions, the failures were but two in number. The machinery of exchange from hand to hand is there more perfect and less costly, than elsewhere in the world ; and for the reason, that there man, and land, and wealth are least fettered by regulation.

Under such circumstances, banks are as harmless as shoe-shops — the laws that govern the one being the same to which the others are subjected. The one is a place to which shoemakers bring their products, with a view to enable all who stand in need of shoes to fit their feet. Did no such place of exchange exist, men with large feet would be travelling one street, and finding only those who had small shoes to sell ; while in other streets there would be men with small feet meeting others with large shoes — no one being fitted. — A bank is a shop belonging to the owners of disengaged capital, who club their means for its formation, and then divide the same into such sums as suit the wants of the various persons who desire to obtain the loan of money — thus making shoes to fit their customers’ feet. A hundred very small capitalists, thus associated, may, in one place, grant aid to the great manufacturer ; while, in another place, may be seen a few larger ones, owners of the bank, granting aid to a thousand farmers, mechanics, and traders.* Where no such shop exists, the farmer finds it difficult to purchase seed or manure ; the me-

* Where land is divided, and commerce is free, large capitalists do not buy bank stock, because their capital, otherwise invested, yields larger returns. No better evidence need be desired of unsoundness in any system, than the fact that such men hold bank stock, to any extent, as a permanent investment. Banks should, and would, if let alone, be only larger savings’ funds.

chanic suffers for want of a steam-engine ; and the manufacturer from inability to keep on hand a sufficient supply of materials — and all because of the difficulty of finding a person that has the precise sum they wish to borrow, and is willing to receive the security they have to offer. At the same moment, perhaps, other persons who could afford the desired aid, and would be willing to receive the security, are seeking in vain for persons willing to employ their money. The money-shop here performs the same duty as the shoe-shop — fitting the laborer with capital, and the capitalist with labor ; and the less interference, the more perfect is the fit. Were the trade in money free, the number of money-shops would, like that of the shoe-shops, increase in a ratio somewhat less rapid than that of wealth and population — giving increased facility for the further accumulation of wealth and power.

More nearly than in any other portion of the world, the American banking system tends to bring together all the advantages above described — perfect power of association, accompanied by great development of individuality, and followed by rapid growth of wealth. The system of its government is, however, directly opposed to this ; and hence it is, that from year to year, those characteristics tend to disappear, and centralization, with all its vices, and all its weaknesses, to take their place. Examine them where we may, the United States present the most extraordinary “contrasts” that can anywhere be found ; and for the reason, that while all its local action is in accordance with true social science, the Federal government adopts the doctrines of that modern school which, in regard to money, has followed in the footsteps of Hume and Smith, whose teachings we may now examine.

CHAPTER XXXVII.

THE SAME SUBJECT CONTINUED.

VIII. — *Of Hume, Smith, and other Writers on Money.*

§ 1. "MONEY is not," says HUME, in the Essay before referred to, "properly speaking, one of the subjects of commerce, but only the instrument which all have agreed upon to facilitate the exchange of one commodity for another. It is none of the wheels of trade: it is the oil which renders the motion of the wheels more smooth and easy."

Had he, however, found it asserted by any other writer that corn, wine, and the flesh of sheep and oxen, had been "agreed upon" by men as the food they were to use for the preservation of their vital forces, he would certainly have asked for some evidence that they really had come to such an agreement; and that they had not been led to act as they now do, and as they always have done, by the fact that such commodities had been *provided* by the Creator for man, while creating food of other descriptions for the nourishment of cows, horses, sheep, and other animals. He would naturally have asked the question — "Suppose they did not eat these things, what others could they eat?" and when the answer had been made, that they must either eat them or perish, he would have regarded it as evidence that their course had been determined by a great law of nature, and had not been "agreed upon" by themselves.

So, too, with regard to the precious metals. Had he been asked to designate any other known materials possessing the qualities required for gathering together, then dividing and distributing, and then again recombining all the minute portions of mental and physical force resulting from the daily consumption of food; any other so calculated to maintain and increase the power of association among men; any other fitted so largely to augment the

power of production, consumption, and accumulation—he would have been compelled to admit that there were none, and that gold and silver had been *provided* by the Creator, as instruments whose use should be as necessary to the production of motion in society as food for the production of motion in animals—every increase in the facility of obtaining them tending, *inevitably*, to facilitate the progress of man towards that state of development required for fitting him worthily to occupy the post of honor to which he has been called.

If, now, it were certainly true that they had been *provided* for the accomplishment of a great object, not a doubt could exist that, with increased facility in obtaining them, there must be improvement in the condition of man, physical, moral, intellectual, and political. Had they, on the contrary, only been “agreed upon,” then it might be questioned whether or not increase would be beneficial; and that Mr. Hume thought it would not, is shown by the following passage:—

“The greater or less plenty of money is of no consequence, since the prices of commodities are always proportioned to the quantity of money, and a crown of Henry VIII.’s time served the same purpose as a pound at present. When coin is in greater plenty, as a greater quantity of it is required to represent the same quantity of goods, it can have no effect, good or bad, taking a nation within itself—any more than it would make an alteration in a merchant’s books if, instead of the Arabian method of notation, which requires few characters, he should make use of the Roman, which requires a great many.”

Unfortunately for our author, and for the whole of those economists who since have followed in his footsteps, the facts are directly the reverse of what they are here assumed to be—the price of finished commodities having steadily declined as money has become more and more abundant. The amount of the precious metals circulating in France has more than doubled within the last half century—with corresponding *increase* in the quantity of clothing, furniture, and of the necessaries and conveniences of life generally, obtainable in exchange for any given quantity of money. Wheat has risen, and so have other raw materials; but the improvement in agriculture has been so great, that almost all the products of a higher cultivation have been made accessible to even the common laborer.

Land and labor have risen in price, while commodities consumed by the laborer have so greatly fallen as to enable him to enjoy an amount of comfort not to have been imagined in the days when the above was written. Such, too, has been the course of things in every country of the world into which money has flowed, as is shown in the case of England, Belgium, Denmark, and Germany—and in that of the United States, whenever their policy has tended to produce an increase in the supply of those metals which constitute the machinery of association; whereas directly the reverse is observed in Ireland, Turkey, India, and those other countries in which the supply of money has diminished. In all of these, the prices of land and labor have fallen, while the difficulty of obtaining cloth, iron, and other of the necessities of life, has increased. The theory and the facts are thus directly at war with each other.

§ 2. Increase in the supply of the precious metals, as we are assured by Mr. Hume, causes “losses to the nation in its commerce with foreigners,” because it raises the price of labor, and heightens those of commodities—thus “obliging every one to pay a greater number of those little white and yellow pieces than they had been accustomed to do.”

It is, nevertheless, in those countries in which the supply increases, that the prices of raw materials and finished commodities tend most to approximate—enabling the man who sows the corn, and grows the wool, to consume most largely of food and clothing. Finished commodities being cheap, the gold, the sugar, the coffee, and the cotton come there to purchase them; and hence it is, that commerce with distant lands increases in the gold-importing countries, while diminishing in the gold-exporting ones. For more than a century, Great Britain has had the largest foreign commerce; and for the reason, that she has exported cloth and iron with which to pay for gold. The foreign commerce of France, now probably the largest recipient of the gold of California and Australia, has rapidly increased; as has that of Germany, since the adoption of a policy tending to the diversification of employment, and consequent promotion of association—the difference in its character being as remarkable as in its size. In 1825, there were carried on the Elbe, to and from Hamburg,

170,000 tons, of which 104,000 were downwards and 66,000 upwards — Germany at that time exporting wool and other raw materials, and importing cloth and iron. Now — converting her wool into cloth, and making her own iron — the consequences are seen in the fact, that the trade of the Elbe has grown to nearly 500,000 tons, and that the bulk of the freight is upwards — leaving but little more than a third for the lighter and more finished commodities sent downwards. As she has increased the *utility* of her wool and her food, she has diminished the *value* of cloth and iron.

Looking next to those countries in which the supply of the precious metals declines — Turkey, Portugal, Ireland, India, and the West Indies — we find the reverse of this — the power of maintaining commerce, whether at home or abroad, being there a steadily declining one. Here, again, we find the actual facts and the theory of Mr. Hume to be the antipodes of each other.

§ 3. Not less in opposition to the passages that the reader has just now read, is one from the same Essay, given in a former chapter, in which Mr. Hume assures his readers that whenever money flows into a country, “every thing takes a new face, and labor and industry gain life.” In another, he tells them, that “it is easy to trace the money in its progress through the commonwealth, when we shall find that it must first quicken the diligence of every individual before it increases the price of labor ;” all of which is most true. Nevertheless, a moment later we find him asserting, “that it is of no manner of consequence to the domestic happiness of a state whether money be in greater or less quantity.” Contradicting himself once again, he assures us, that when money decreases, the people suffer, and “poverty, beggary, and sloth ensue ;” and that those countries which have but little money, as was then the case with Austria, have not “a proportionable weight in the balance of Europe.” The facts being thus opposed to the theory, he inquires, how do they “agree with that principle of reason, that the quantity of gold and silver is in itself altogether indifferent ?” The pieces into which those metals were divided would still, as he thinks, “serve the same purposes of exchange, whatever their number might be, or whatever color they might have.”

“To these difficulties,” as he says, “I answer, that the effect here supposed to flow from scarcity of money, really arises from the manners and customs of the people, and that we mistake, as is too usual, a collateral effect for a cause. The contradiction is only apparent. * * It seems a maxim almost self-evident, that the prices of every thing depend on the proportion between commodities and money. * * Increase the commodities, they become cheaper; increase the money, they rise in value;” and thus it is that he “reconciles reason with experience.”

This is what is styled the metaphysical mode of investigation, in which men seek in their own minds for the natural laws that govern men. It is as if the chemist — leaving his laboratory — should shut himself up in his closet, to study in his own mind what *ought* to be the composition of the air, the water, or the metals. Mr. Ricardo — pursuing the same course — was led to place his early settlers on the swamps and river bottoms, when daily observation shows that they commence on the poorer soils, and that it is only as wealth and population increase that they obtain power to cultivate the richer ones; while history proves that such has been the case from the earliest period to the present time. It was natural that a gentleman sitting in his library should imagine, that a man having the choice between rich and poor soils would certainly take the former; yet, had he reflected that the early settler is a poor man, with very inferior tools, he would have seen that it was absolutely impossible that he could clear, drain, and cultivate the richer soils. Equally natural was it, that Mr. Hume should imagine that the larger the quantity of money, the higher would be the prices of all the commodities for which money was to be given. Had he, however, reflected, that it was but a great, instrument furnished by nature for producing circulation among men and their products, and that the beneficial effects he himself so well describes, were but the natural consequence of an increase of the power of association resulting from increased facility in obtaining command of that instrument, he would have found the facts and “the principles of reason” in perfect harmony with each other

§ 4. “The pieces into which those metals were divided would

still serve the same purposes of exchange, whatever their number might be, or whatever color they might have." This assertion is either true or false. If true, then are those writers justified, who seek to teach their readers that advantage is derived from the export of gold and silver which they can neither eat, drink, nor wear—receiving in exchange cloth that they *can* wear, iron that they *can* use, and sugar that they *can* eat. If not true, then are they in the position of the blind who seek to lead the blind—both being in danger of falling into the pit.

That it should be true, it would be required that, as the number of pieces diminished, those remaining should be quickened in their circulation—their motion becoming a constantly accelerated one. What, however, are the facts? Do gold and silver coins move more rapidly from hand to hand as their quantities diminish? On the contrary, the diminution in the rapidity of circulation of the pieces proceeds even more rapidly than that in their number—a hundred pieces not performing as many exchanges in a period when the supply of money is gradually diminishing, as are performed by even a single one when it is steadily and regularly increasing. In the one case, confidence in the future declines from day to day, and money is everywhere hoarded, as is now the case throughout the United States. In the other—confidence increasing from day to day, and every one desiring to make his capital productive—the whole amount becomes available for the purposes of society.

It is where there is little money—as in Spain and Portugal, Turkey and Italy, Poland and Lapland—that each individual piece does little work; and where there is much—as in all the advancing nations of the world—that each performs a large amount of service. The circulation of society increases, therefore, in geometrical proportion as we pass from those countries, or periods, in which the supply of money diminishes, towards those in which it increases—diminishing in like proportion as we pass from those in which it increases towards those in which it diminishes. Such being the case, we may readily understand why it is that wealth and power grow so rapidly in those which have in their favor a balance of trade, causing a steady influx of the precious metals; while those against which there is a steady

balance, causing an equally constant efflux of them, so much decline.

Throughout Northern Europe, the circulation becomes more rapid from year to year, with constant increase of force ; whereas, in Ireland, India, and Turkey, it becomes from year to year more languid, with constant decline of force. In the United States, it has always been rapid in those periods in which the policy of the country has tended towards advance in the price of the raw products they had to sell, and diminution in those of the finished commodities they needed to buy — thus producing a favorable balance of trade. The reverse of this has invariably been seen in the periods in which the policy has tended in the opposite direction—thus producing an adverse balance, payable in coin. Circulation has then declined, as in the period which closed with the passage of the act of 1824—in that which ended in 1842—in that which terminated with the development of the treasure of California in 1851—and as at the moment at which we write. Look where we may, at home or abroad, in the present or the past, the facts are opposed to the theory of Mr. Hume, and of all who since have followed in the same direction.

§ 5. In one respect, however, Mr. Hume was right. No government need, according to him, fear the existence of an unfavorable balance of trade, that “ preserved with care its people and its manufactures.” Doing that, it might, as regarded its money, “ safely trust to the course of human affairs, without fear or jealousy.” That such is the case, is proved by the example of England for a century past ; by that of France ; by those of all the countries of Northern Europe in the present day ; and by that of the United States, whenever their policy has tended to the promotion of association among their people — to the diversification of employments — to the development of the powers of the land, and of the men by whom it was cultivated—to the creation of a domestic market — and to the relief of the farmer from that most oppressive of all taxes, the tax of transportation. Caring “ for their people and their manufactures,” they have then, and only then, had in their favor a steadily-growing balance of trade, accompanied by a prosperity such as had never before been known.

§ 6. In regard to money, ADAM SMITH followed closely in the footsteps of Mr. Hume—holding with him that money makes but a small part of the capital of a nation, “and always the mcst unprofitable part of it.”* It is, nevertheless, the commodity that all men seek to obtain, that all nations rejoice in receiving, and that all regret should leave them—the common sense of mankind, and the theories of economists, being thus the poles of each other. Which is right? Seeking an answer to this question, let the reader calculate the amount of exchanges facilitated by a fleet of ships that may have cost ten or twenty millions, and then compare it with those effected by means of a single hundred thousand dollars’ worth of three, five, or ten cent pieces—and he will find that the latter do more work in a month than the others could do in a year, if not in years. In the estimation of Dr. Smith, nevertheless, “the gold and silver money which circulates in any country, and by means of which the produce of its land and labor is annually circulated and distributed to the proper consumers, is all dead stock.”† Increase of their cheapness, in his opinion, rendered them “rather less fit for the purposes of money than they were before. In order to make the same purchases, we must,” as he thought, “load ourselves with a greater quantity of them, and carry about a shilling in our pockets where we carried a groat before.”‡

Diminution in the value of these metals in any particular country tended, according to Dr. Smith, to make “everybody really poorer;” that is, increased facility in obtaining the great instrument provided by the Creator for facilitating association among men, was to be regarded as an evidence of poverty, and not of wealth! The man who wrote these words can scarcely be regarded as having studied the subject, in reference to which he undertook to instruct the world.

Why it is, that the idea, so universal among men, that wealth, happiness, and progress are associated with increase in the supplies of money, is so very erroneous, is, as we are told, that—

“The rise in the money prices of commodities, which is, in this case, peculiar to that country, tends to discourage more or less every sort of industry which is carried on within it, and to enable

* *Wealth of Nations*, book 4, chap. vi.

† *Ibid.* book 2, chap. ii.

‡ *Ibid.* book 4, chap. i.

foreign nations, by furnishing all sorts of goods for a smaller quantity of silver than its own workmen can afford to do, to undersell them, not only in the foreign, but in the domestic, market." *

The answer to these assertions is found in the fact, that in all countries towards which the precious metals flow, there is a constant tendency towards the approximation of prices — those of rude products of the earth rising, and those of finished commodities falling — the countries, themselves, becoming the best markets in which *to sell and to buy*; as is proved by the case of England in the past, and France and Germany in the present. The theory and the facts are not in harmony with each other; and yet upon this assumption of facts that never have existed, and never can exist, is based the whole of the celebrated argument in reference to "the balance of trade."

§ 7. The theory of Dr. Smith being thus, like that of Mr. Hume, unsound, it is no matter for surprise that we find the one as inconsistent with himself as we have already found the other. Believing in the advantage resulting from the use of bank-notes, he tells his readers that "every saving in the expense of collecting and supporting that part of the capital which consists in money is an improvement" — that "the substitution of paper in the room of gold and silver money replaces a very expensive instrument with one less costly and equally convenient" — that "by this operation £20,000 in gold and silver perform all the functions which £100,000 could otherwise have performed" — that "the whole value of the great wheel of circulation," the use of which is thus economized, "is added to the goods which are circulated and distributed" — and that thus is made "a very considerable addition to the quantity of that industry, and consequently to the value of the amount produced by land and labor." † It is certainly difficult to reconcile these statements with the idea that the cheapening of the precious metals renders "men really poorer than before."

Foreign trade tends, however, as we are informed, to produce a correction of the difficulty — the use of notes producing an "overflow" of the metals "to the whole extent of the paper sup-

* *Wealth of Nations*, book 4, chap. v.

† *Ibid.* book 2, chap. ii.

plied," and "gold and silver to that amount" being "sent abroad"—"the total amount of the circulation" remaining "as it did before." *

The effect of using circulating notes is, as Dr. Smith admits, that of increasing the utility of the precious metals, by enabling a small quantity to do the work that had before been done by a large one—thus producing, however, a large export of them. Would it, however, be possible to find any other commodity in regard to which this proposition could be true? Scarcely so, as it would seem. Cotton, wool, coal, and iron tend towards those places at which their utility is greatest, and where the value of cloth, hardware, and other finished articles, is least; and this they do for the reason, that with every extension of the power of man over matter, there is produced an increase in the power of association, accompanied by increase of production, consumption, and accumulation. So, precisely, is it with the precious metals. They go to those places in which their utility is greatest. Therefore it is, that we find them passing from Mexico and California, where bank-notes are not in use, towards New England and Great Britain, the portions of the two continents in which such notes are most used, and in which employments are most diversified.

The experience of the world is directly opposed to this theory of Dr. Smith; yet is it constantly assumed that prohibitions of notes are necessary for the maintenance of a sound currency—the tendency being always, as we are assured, towards using that which is bad in preference to that which is good. Everywhere else, however, the reverse of this is true—no prohibitions of bad roads, or of inferior mills, being required to secure demand for the services of good roads, or of superior mills and engines. The currency is necessarily bad, in countries against which there is a balance of trade—the state of things existing in all those which find themselves compelled to export their produce in its rudest form.

In all, as employments become diversified, and as the power of association is increased, there is a steady tendency to the substitution of the superior for the inferior medium of exchange; and for the same reason that men pass from the cheap and worthless

* *Wealth of Nations*, book 2, chap. ii.

Indian path to the costly railroad. When, on the contrary, the power of association declines, and production diminishes, the movement is in a contrary direction — irredeemable paper money then taking the place of the precious metals. Men use bad machinery only because of the difficulty of obtaining that which is good, notwithstanding the assumption of economists, that they will not use good money unless prohibited from using that which is bad.

That they may have an opportunity of using the former, they must first be enabled to obtain it; and that they cannot be, in the absence of that diversification of employments which is required for giving value to labor and land. Brazil, which exports gold, has a circulation of paper and copper. Buenos Ayres has nothing but paper. Mexico has little circulation of any kind — the mass of her people bartering their labor or their products for such commodities as they need. Austria has an irredeemable paper circulation, to the exclusion of the precious metals; and so have had nearly all the countries of Northern Europe, into which gold has flowed so rapidly since the adoption of their present policy. So was it in the United States, in the free-trade periods that preceded the passage of the protective laws of 1824 and 1842. In both, production greatly diminished, and all exchanges in the Middle and Southern States were effected by means of pieces of paper promising to pay one, two, three, or five cents, quarter, half, or whole dollars. In both, the paper disappeared so soon as there arose the ability to purchase the gold and silver required for circulation. In all nations, the quality of the currency has tended to improve with the growth of wealth—always a consequence of increase in the power of combination.

§ 8. A medium of circulation fitted to gather up and divide and subdivide the fruits of the efforts of thousands, tens of thousands, and even millions, of men, so that each may be enabled to obtain his share of the joint product, is one of the master wants of man. Without that, there can be but little combination of effort; and yet, among the poor and scattered men of the early ages of society, there exists no power to purchase such machinery of exchange. Therefore it is that, in those ages, those who labor are always so little better than slaves to the trader who

stands between them and the consumers of their products — accumulating fortune at their expense.*

The reverse of this is found when exchanges of service, physical and mental, come to be made little by little, and minute by minute, as when thousands of persons combine their efforts, in whole or in

* The following passage from a recent German work, descriptive of life and manners in Lapland a century since, describes most accurately the relation of the laborer and the trader in all purely agricultural countries—whether American or European, African or Asiatic:—

“A high price was exacted for all wares, and the profit was, of course, large; the price for the fish, fixed by a commission of fishermen and merchants at Lofodden, was so low that the most could scarcely keep out of debt, many remained in arrears, and not a few were obliged to borrow, which, however, was not paid in money, but carried to their account.

“‘I see,’ said Helgestad, ‘that you are surprised at this mode of dealing; but there would be no traffic in Finnmark, were it not so. The fishing folk should never have money in hand, because they would cease to labor. I warn you also, Herr Marstrand, to look to it, that whoever is once in your debt does not get out of it, unless you will trust him no more, because he is growing old and infirm, and cannot therefore buffet the storms and catch fish.’

“‘But I observe some on your book,’ replied Marstrand, ‘who are free from debt, and have something to their credit.’

“‘Nuh!’ responded the trader, slyly; ‘a week will not elapse before they are again in my hands. Upon their return from the Lofodden, they are reckless, and lead a rollicking life. There is, moreover, a rule and custom among us that no trader must lend to a fisherman who deals with another. No one can take him up, unless his previous creditor permits it. Look around upon the sounds and fjords, and little fishing stations, with their huts, and a pair of acres of land and meadow — they are all in our hands. We have either bought them, and leased them to the people who reside there, or we have lent money on them, and could eject the tenants at any time we chose. We could sell their cow, take their boat, and reduce them to such absolute misery and poverty, that no alternative would be left them but a leap into the sea.’

“‘And this, probably, is no rare occurrence,’ said the young nobleman.

“‘Nuh!’ grunted Helgestad; ‘as long as a man can work, there is a possibility of discharging his debts; and, while there is such a prospect, no trader would rashly put a rope about the neck of a good customer. Every one who is wise will look after his property, and where he perceives danger lend no farther; and, when the proper time has arrived, will invoke the interposition of the sorenskriver.’

“‘In this manner,’ said Marstrand, whose sense of justice was excited, ‘the fishermen and laboring people must be perfectly drained, and without ever being able to escape from their wretchedness.’

“Helgestad regarded him with a sullen stare. ‘You speak like a fool,’ said he, ‘in saying that the traders are the scourge of the country. Were you a merchant, you would open your eyes, and confess that it cannot be otherwise. The fishermen and coast-people, Normans, Quanes, and Dnes, must all be our servants — they must all be kept in a state of dependence and poverty — otherwise we could not exist. It is a fact, Herr. He who does not understand the art of so reckoning that nothing remains to these lazy, improvident people, and of unsparingly dealing with them when nothing more is to be had from them, had better not engage in the trade.’” — *Afraga, or Life and Love in Norway.*

part, for the production of fifty or a hundred thousand sheets of printed paper, to be so divided among half a million of readers that each and every one of them shall have, for an almost infinitesimal portion of an ounce of silver, his share of the labor of all concerned in the work of production—each and every of these latter obtaining his share of the coins contributed by those who consume his products. This process of composition, decomposition, and recomposition, could never be accomplished without the aid of a medium of exchange universally acceptable, and capable of such minute decomposition and recomposition as to fit it for the performance of the largest as well as the smallest exchanges. The precious metals alone possessing these properties, it is for that reason, that in all ages men have felt that their condition would be improved by every increase in the facility with which they could be obtained.

Hence it is, that all nations have desired to bring about such a state of things as would establish a balance in their favor payable in coin; and it is this most natural desire to obtain an instrument of the highest value, that is regarded as so unphilosophical by the author of the *Wealth of Nations*, who tells his readers, in his examination of what is commonly denominated the Mercantile System, that —

“A country that has wherewithal to buy wine, will always get the wine which it has occasion for; and a country that has wherewithal to buy gold and silver, will never be in want of those metals. They are to be bought at a certain price, like all other commodities — so all other commodities are the price of those metals. We trust with perfect security that the produce of trade, without any attention from government, will always supply us with the wine we have occasion for; and we may trust with equal security that it will always supply us with all the gold and silver that we can afford to purchase or employ, either in circulating our commodities or in other uses.” *

This is true; and equally true would it have been had the assertion related to wool, cotton, oil, or any other commodity whatsoever. The Finns and Lapps, without doubt, obtain all the clothing they can “afford to purchase,” but why is it that they cannot purchase more? By what means can they be enabled to

* *Wealth of Nations*, book 4, chap. i.

become better customers to the cotton and wool producing countries? To such questions, in reference to money, no reply is obtained from Dr. Smith; and yet, of all the commodities in use among men, there is no single one for which the demand is so general, or in regard to which there prevails among men so universal a belief that improvement, or deterioration, of their condition is directly connected with the increase and decrease in the supply, as is the case with the precious metals.

The very journalists who most denounce what they deem a vulgar error, prove that they participate in it by carefully recording the arrival of money as matter for rejoicing, and the departure of it as cause of regret. From the highest to the lowest condition of society, men everywhere regard the one as the harbinger of better times — the other being but the precursor of times in which exchanges will be diminished, and men will suffer from want of food and clothing; and what all desire to know is—What is the process by which better times may always be secured? For any information on that subject they will, however, look in vain to the *Wealth of Nations*, all of whose teachings, so far as regards money, are in direct opposition not only to the common sense of mankind, but to the facts furnished by the history of the world.

§ 9. "If gold and silver," says Dr. Smith, "should at any time fall short in a country that has wherewithal to purchase them, there are more expedients for supplying their place than that of almost any other commodity. If the materials of manufacture be wanted, industry must stop; if provisions are wanted, the people must starve; but if money is wanted, barter will supply its place, though with a good deal of inconveniency. Buying and selling on credit — and the different dealers can pass along their credits with one another once a month or once a year — will supply it with less inconveniency. A well-regulated paper currency will supply not only without any inconveniency, but in some cases with some advantages. Upon every account, therefore, the attention of government never was so unnecessarily employed as when directed to watch over the preservation or increase of the quantity of money in a country."*

Credit is here supposed to take the place of money that flows

* *Wealth of Nations*, book 4, chap. i.

out; whereas, experience teaches us, that credit grows with the growth of the facilities for obtaining money — thus giving to small quantities of it great utility. It declines with diminution of those facilities—a large quantity of money being then required for performing a small amount of commerce, as may be seen in all the purely agricultural and impoverished countries of the world. The utility of money declines, but its value increases — the consequences of which are seen in the hoarding that then obtains. This increase of value, as an accompaniment of declining utility, is obvious in all the operations of society, but in reference to none is it so fully and frequently exhibited as in regard to money.

To enable us to judge of the argument in regard to the comparative importance of a short supply of materials of manufacture or of money, let us look for a moment at what we see occurring from year to year in regard to cotton :—

The crop of 1854–5 was less than that of 1852–3 by 400,000 bales, worth many millions of dollars; and yet its effect on the consumers of cotton cloth, did not go beyond that of requiring men who before had purchased half a dozen shirts, to be satisfied with five, or to pay, perhaps, twenty cents additional for their usual supply. So with sugar, coffee, and all other commodities, any excess or deficiency of which in the crop of one country is generally compensated by deficiency or excess elsewhere — all remaining, at the close of the season, nearly as it had done before, the larger price of cotton being made up in the smaller ones of sugar and tobacco.

It is upon such commodities that changes in the quantity of money have least effect, because of the facility with which they can be sent to countries in which money is more abundant. There are, however, others that cannot go abroad, and must stay to abide the chances of the money market—these being land and labor. Of all commodities, man is the one least easily moved, land excepted. Increase in the supply of money acts chiefly on their prices, and so it is with decrease therein. Hence it is, that when money becomes scarce, there is so much suffering among those who have labor to sell, and so much destruction among men who have ventured to make railroads, build mills and furnaces, open mines, or to do other things tending to give value

to land. Cotton and sugar can be exported, but railroads cannot. Cloth and iron may go abroad in search of a market, but the laborer, with his wife and children, is chained to home. The land, and the people by whom it is owned and occupied, must remain; and a diminution in the supply of money to the extent of fifteen or twenty millions is sufficient to cause a reduction to the extent of thirty, forty, or even fifty, per cent. of their total value—amounting to thousands of millions of dollars; whereas, a diminution in the product of sugar or cotton to thrice that extent, is so divided among the producers and consumers of the world as to be almost entirely unfelt.

The export of money from the United States, in the period from 1838 to 1842, exceeded the import by less than \$9,000,000, and yet the reduction in the value of labor and land consequent thereupon, was not less than \$2,000,000,000. The excess import from 1842 to 1846 was less than \$25,000,000, yet the increase in the price of labor and land, in that period, counted by thousands of millions.

We are told, however, by Dr. Smith, that we might return to barter, and that is precisely what has been experienced whenever the supply of money has diminished—the motion of society having almost ceased. There has then been a glut of commodities of every kind, money alone excepted. All have sought to sell, but there have been few buyers—the stoppage in the demand for labor having produced a cessation in the power to purchase labor's produce.

This extraordinary suggestion of Dr. Smith is evidence that he had not studied the subject with the care demanded by its importance. It is like consoling a man for the destruction of the canal or railroad that had enabled him cheaply to go to market, by suggesting to him that he had still a horse-path across the mountain, and was not yet ruined. So, too, according to our author, with nations, "which would not be ruined," even "though gold and silver could not be had in exchange for the goods destined to purchase them." "The annual value of land and labor would," as he assures his readers, "remain the same, or nearly the same, because the same, or nearly the same, consumable capital would be employed in maintaining it."*

* *Wealth of Nations*, book 4, chap. i.

It is difficult to conceive of a more unfounded assertion than is contained in this sentence. The most consumable of all capital is labor, produced, as it is, at every instant, and perishing, as it must, if not reproductively used. To produce that labor-power, food must be consumed, and if the power be unused, that food is a deduction from the capital of the country. The first effect of a diminution in the supply of money is felt in a great waste of labor consequent upon a diminution of the power of combined exertion; and the first effect of an increase in the supply is felt in an increased demand for labor, consequent upon an increase in the power of combination — all of which has in the United States repeatedly been proved. The diminution of supply being long continued, it results in paralysis, as was here the case in 1842. The increase being so continued, it results in an activity as great as was that experienced throughout this country in the few years ending in 1835, and those which closed in 1847. In those periods, the policy of the country tended to the promotion of association; whereas, it tends now to its repression, and to the consequent export of the precious metals.

Inquiring now to what countries the gold exported so rapidly tends, we find that it is towards France, Belgium, and Germany, whose policy is now the same with that of the United States in the prosperous periods above referred to. Turning next to the countries from which the precious metals regularly flow, we find their policy to be the same with that of the United States, in the calamitous periods which preceded the protective tariffs of 1824 and 1842. Like causes produce always like effects. The centralization of manufactures having tended to produce a constant flow of the precious metals towards Great Britain — to be there changed in form and prepared for the thousand uses to which they are so well adapted — it is only those countries which have resisted so injurious a system, that have now in their favor such a balance of trade as is required to enable them to obtain, and retain, the supplies of money required for their purposes. In all of them, land and labor are rapidly rising in price; whereas, in those that follow Dr. Smith's advice, they are as rapidly falling, with steady decline in the importance of their people in the estimation of the world.

§ 10. Nothing, in the opinion of Dr. Smith, could be "more absurd than the whole doctrine of the balance of trade." "A nation may," as he assures his readers, "import to a greater value than it exports for half a century, perhaps, together; the gold and silver which come into it during all this time may all be immediately sent out of it; its circulating coin may gradually decay, different sorts of money may be substituted in its place, and even the debts which it contracts in the powerful nations with which it deals may be gradually increasing; and yet its real wealth, the exchangeable value of its land and labor, may, during the same period, have been increasing in a much greater proportion."*

Were all this asserted of an individual man, it would be regarded as in the highest degree absurd; yet it is here asserted of nations, as though the laws which govern communities of thousands and millions of individuals, were not the same with those that govern each of the men of whom they are composed. The man who spends more than he makes, and finds his command over money gradually decay, with constantly increasing necessity for going into debt, at length discovers that his credit has followed his money, and that with every step in that direction there has been a decline in the value of his labor—tending gradually towards placing him in the prison or the poorhouse; and such, precisely, is the case with nations. It was by means of assertions like this, that Dr. Smith proved, as his followers yet think, that "nothing could be more absurd than the whole doctrines of the balance of trade;" and, that a deficiency in the supply of cotton or sugar, was more important to a nation than a diminution in the supply of the great instrument provided for enabling men to combine their exertions, and thus increase their productive power.

The colonies of Dr. Smith's day were in a situation nearly resembling that of Jamaica at the present time. Their people—suffering under a load of debt—were dependent on the mercy of their creditors; and for the reason, that the mother country sought to prevent all combination of action for the purpose of bringing the loom and the plough to the neighborhood of each other. To the feeling that that policy was destructive of their best interests, and not to the paltry tax on tea, the American

* *Wealth of Nations*, book 4, chap. iii.

Revolution was due. Jamaica has since gone on in the course then prescribed to these colonies — precisely that here indicated by Dr. Smith as likely to be followed by increase in the value of land and labor; yet the result is altogether different from that described by him — the value of both having been destroyed. Theories opposed, as is the case with those we have now before us, to constant facts, could scarcely be deemed entitled to the attention here given to them, were it not that this especial portion of Dr. Smith's great work — the one in which he was most in error — is held, by modern economists generally, to be the one by which he is most distinguished.

More than any other country in Europe, Turkey has acted in accordance with the teachings of Hume and Smith; and the observations of a recent traveller in that country enable us to see with what effect. There, says Thornton, "the chimera of a balance of trade never entered into heads sensible enough not to dream of calculating whether there was more profit in buying or selling." "There," as he adds, "every object of exchange is admitted, and circulates without meeting other obstacle than the payment of an infinitely small portion [three per cent.] of their value at the custom-house."

Under this system, Turkish manufactures have been annihilated, and with every advantage for supplying the world with silks, cloth, iron, and other metals, the whole people of the empire have been converted into wretched cultivators on one hand, and grasping traders on the other — these effects having been accompanied by the almost entire disappearance of money, whether for the use of the people or the government. The great bulk of the farmers "cultivate the same articles of produce and pursue the same routine of culture; consequently, every man possesses a superfluity of the article which his neighbor is desirous of selling;" all of which are, therefore, cheap, while cloth and iron are dear.

The absence of money renders it necessary to collect taxes in kind, and the regulations forced upon the government "to guard against fraud, confine the routine of agriculture within the rudest limits."* The industry of the land-owner being thus fettered, the peasantry "live in a state of society" well characterized

* *Blackwood's Magazine*, November, 1854.

as "barbarous." "The whole grain crops frequently remain nearly two months exposed in the open air on the threshing-floors, merely to prevent the cultivator from extracting some portion for the use of his family, without paying the government the tenth on this trifle."

Money tending always to flow outwards, the government is driven to a constant depreciation of the currency—a direction in which the movement has been most rapid during the present century, which has witnessed the total downfall of every species of manufacture. "Whenever," says this writer, "the specie in the Sultan's treasury has been found inadequate to meet his immediate payments, the deficiency has been supplied by the addition of the quantity of base metal necessary to augment the bulk of the precious metals on hand; and in this way a debt of three ounces of silver has often been paid with two ounces of silver and one of copper or tin."

With declining power of association, there having been a steady decline in the power to make or to maintain roads or bridges—by means of which to communicate with the distant market—"the expense of transport has of late years been increasing, and hence the cultivation and export of several articles peculiarly adapted to the soil and climate have diminished." The effect of this is seen in the almost entire destruction of the value of labor and land—being directly the reverse of the facts observed in all those countries whose policy has tended towards the promotion of association at home, and the establishment of a favorable balance payable in those metals by means of which, alone, man is enabled to combine his efforts with those of his neighbor-men.

Nevertheless, on turning to Hume or Smith, we find that the question of the balance of trade is totally unworthy to occupy the attention of those charged with the duties of government; and their doctrine has been repeated, with little change, by all the writers on money from their day to the present time. None can now study the writings of either without arriving at the conclusion, that they had a most inadequate appreciation of the importance of the functions performed by money, and that, having studied in their closets the laws of nature, they forgot to verify their conclusions by studying the operations of the world around them.

§ 11. In thus examining the doctrines of the earlier English writers on money, we have, in effect, examined those of the Ricardo-Malthusian school of the present day — Messrs. McCulloch and Mill differing little from Messrs. Hume and Smith. Mr. Mill quotes, approvingly, the ideas of Hume as to the effect that would result from having every person in a nation to “wake and find a gold coin in his pocket” — suggesting, however, that we might better suppose “that to every pound, or shilling, or penny in the possession of any one, another pound, shilling, or penny were suddenly added. There would,” as he continues, “be an increased money demand, and consequently an increased money value, or price, for things of all sorts. This increased value would do no good to any one; would make no difference, except that of having to reckon pounds, shillings, and pence in higher numbers.” *

With great respect for the writer of this, we would suggest that the necessity for thus resorting to unsupposable cases affords strong evidence of weakness of position. Were an earthquake to shatter the walls of all the cotton factories of England, the result would be found in a rapid rise in the price of cloth, accompanied by a fall in that of cotton; but no economist would venture to adduce the facts in proof that the price of cloth tended naturally to rise, or that of cotton to fall. It might, however, be as properly done in that case as in those of Messrs. Hume and Mill.

What we need is facts — not suppositions. The experience of the world shows, that in all countries the circulation of society becomes more rapid as the machinery of circulation is improved — that human power, mental and physical, is then economized — that consumption then more instantly follows production — that land and labor, and the rude products of both, then rise in price — that the higher products of a scientific agriculture, and finished commodities of every kind, then fall in price — and that there is then afforded that most conclusive of all the evidences of advancing civilization, a diminution in the proportion of the product of labor going to the middleman, and a diminution in the power of the trader to control the movements of society. That such are the facts presented by an examination of the history of the world

* J. S. MILL: *Principles*, book 3, chap. viii.

for centuries past, the reader can readily satisfy himself; yet it would be easy to find both periods and countries, in which the reverse of this has all the appearance of being true. When, however, we come to examine into the causes of those appearances, we find, invariably, that they are readily susceptible of explanation — leaving altogether untouched the great principle in virtue of which, prices approximate as men grow in wealth, power, morals, intellect, and all the other characteristics of an advancing civilization.

In the natural course of things, population and wealth tend to increase, and the prices of *all the metals* — gold, silver, copper, iron, tin, lead, and every other that can be named — when measured by corn or wool, tend to fall; and the more rapid the tendency in that direction, the greater is the progress in wealth, strength, and power. That this *is* so, is proved by all the experience of the world, from the creation to the present time. That it *is* so, is proved by the special experience of Britain for a series of centuries, and by that of all the countries of Northern Europe in the last half century. The people of the United States, nevertheless, are steadily, year after year, and decade after decade, giving a larger quantity of wheat and cotton for a smaller one of each and every of the metallic products of the earth — doing so, too, in common with all the purely agricultural countries of the world. Does this, however, invalidate the great principle of whose truth evidence may everywhere else be found? Certainly not. It is the exception that proves the rule — thus establishing a necessity for such a change in the policy of all those countries as will tend to the promotion of association, to the development of individuality, and to the extension of that commerce which, in so many countries, is now perishing under the assaults of trade.

§ 12. Further in common with Mr. Hume, Mr. Mill has a slight opinion of the efficacy of money in the economy of society — it being, as he thinks, “intrinsically” most “insignificant,” “except in the character of a contrivance for sparing time or labor.” In that character, precisely, it is, that it is important — more being done in that way by a single hundred thousand dollars’ worth of money, than by tens of millions’ worth of ships, canals, and railroads. “Insignificant” as it is, it has a value in

the eyes of man, resulting, as he thinks, from an erroneous habit of regarding money "as a synonym of wealth;" and "more especially when borrowing is spoken of." This, in his opinion, is a grievous error — that which "one person lends to another," as well as "the wages, or rent, he pays to another," not being mere money, "but a right to a certain value of the produce of the country, to be selected at his pleasure; the lender having first bought this right, by giving for it a portion of his capital." Hence, as he says, "the loan market is called the money market;" and the equivalent given for the use of capital, or, in other words, interest, is not only called the interest of money, but, by a grosser perversion of terms, "the value of money." Here, as the reader will perceive, he is in perfect accordance with a distinguished French economist to whom reference has before been made.*

The correction of the error of this passage is, as we think, to be found within itself. The borrower, or the rent-receiver, can "select at his pleasure of the produce of the country" — being thus enabled to command cloth, iron, books, and the service of men of every rank in life, from the pauper to the peer. What gives him that wonderful power? Money, and nothing else. However numerous might be his hats or coats, his engines or his acres, they would give him no such power, unless the facility of converting them into money were such as to warrant him in promising to deliver to the persons around him, the various quantities of the precious metals to which they might become entitled. The difficulty in this case with Mr. Mill, and with all other writers on this subject, consists in the fact, that the power of money to promote the circulation of services is so great — so extraordinary — as to cause them to imagine that it is the services and commodities that pass, and not the money. As well, however, might they imagine that it was the words that passed over the wires of the telegraph, and not the electric spark itself. At each and every payment of money, whether by delivery of the coin — by transfer of a circulating note that will be paid on presentation — or by draft upon a bank — it is the money itself that passes; and that such is the case is proved by what occurs on every occasion of diminished confidence. — The morning opening

* See *ante*, p. 338.

with every prospect of active business, all are ready to buy cloth, iron, stocks, houses, or farms. Three hours later, however, there arrives intelligence that a revolution has occurred — that war has broken out — or that such occurrences may almost instantly be feared — producing an almost total stoppage of circulation. Examining now the hands of all the parties who have been engaged in the morning's operations, we find, in those of the borrowers and the rent-receivers, money, and nothing else; while in those of the lenders we find stocks and lands, and in those of the rent-payers, corn, oats, cloths, and iron. The former rejoice that the stoppage should have taken place at the precise moment when they had obtained possession of the commodity which, alone, carries with it the power to "select at will" from among the commodities and things by which they are surrounded. The latter regret that it had not taken place before they had parted with that power; and yet, were they to study Hume, or almost any of his followers, they would find that they were laboring under a delusion in supposing that money was one "of the subjects of commerce" — it being only a sort of "oil" that renders "the motion of the wheels more smooth and easy." The common sense of mankind has led them to different conclusions, and has thus placed them in advance of the economists.

So again is it in reference to the idea of a "capital market," in place of a money market. Capital existing in thousands of forms, common sense has led men to distinguish between its various forms — using the terms cattle market, ship, house, money, and labor markets, to distinguish the places at which the various kinds of capital are sold; and freight, rent, interest, and wages, to distinguish the compensation paid for their use. In all those markets, the motion is dependent upon the supply of money — being rapid when that is large, and slow when it is small; and because of this universality of power, economists would sink all mention of the cause of motion — substituting a term that embraces sheep and hogs, potatoes and cabbages, houses, lands, and ships, for one that distinctly expresses the idea meant to be conveyed — which is that of *the motive power*, as distinguished from the various commodities and things *among which motion is to be produced*.

§ 13. The cause of error almost everywhere visible in economists, when speaking of money, is to be traced to the want of proper appreciation of the services of the precious metals in promoting combination of action among men, or commerce. The greater that commerce, the more rapid is the circulation of labor and its products within any given time; and yet, according to Mr. Mill, "time is not the thing to be considered." "The state of society," as he tells his readers, "may be such that each piece of money hardly performs more than one purchase in a year; but if this arises from the small number of transactions — from the small amount of business done, the want of activity in traffic — it constitutes no reason why prices should be lower, or the value of money higher."

Such is the theory, but what are the facts? As money is utilized — as its circulation is expedited, by whatsoever means — the prices of land and labor rise, and the value of money declines. As, on the contrary, money, from whatsoever cause, becomes less useful, prices fall, and the value of money rises. So has it been in England, France, and Germany for centuries — prices rising as money has circulated more rapidly, and falling whenever credit became impaired and money was hoarded. So is it now in every country of the world — land and labor rising in price, and the value of money declining, in all the countries that provide for increasing the rapidity of circulation; while in all of those in which the circulation becomes more languid, land and labor decline, while money rises. Therefore it is that all rejoice when money comes in, and all, the money-lender alone excepted, sorrow when it goes out.

All force is the result of motion, and the quantity of force obtained is dependent upon the quantity of motion *within a given time* — a body moving at the rate of a hundred feet in a minute giving a hundred times the force that would be obtained from it if moving at the rate of ten feet only. Such being the case, one of two things must be true — either there is no universality in the laws of nature, or Mr. Mill is in error. That the latter is the case, would seem to be proved by the fact, that the movement of all advancing countries is in direct opposition to the theories of that school in which originated the doctrines of over-population, and of the ultimate subjection of the laborer to the

arbitrary will of those by whom the land might happen to be owned.

§ 14. Distinguished among the economists produced by France, stands the late M. Bastiat, by whom we are assured that "it is quite unimportant whether there is much or little money in the world. If there is much, much is used; if there is little, little is required: that is all." *

This is but a repetition of the ideas of Hume and Smith, and, as in their case, it is opposed to the common sense of mankind. It was, indeed, the object of the tract from which the above extract has been derived, to prove the universal error of men in supposing that money was wealth — "real wealth" being to be found "in the abundance of things calculated to satisfy our wants and our tastes;" and not in the possession of the machinery by aid of which those things were to be exchanged. Money would, however, seem to be quite as well fitted to satisfy both "our wants and our tastes" as is a ship, a railroad, a wagon, or a mill, which latter are certainly, even in the estimation of M. Bastiat himself, quite as much wealth as is the bale of cotton carried in the ship, the load of wheat raised on the farm, or the package of cloth sent from the mill. The ship, the road, the mill, and money, are all portions of the machinery of exchange required by man; and among them all there is none that performs so much service at so little cost as the last — none whose possession is so essential to that combination of effort which distinguishes civilization from barbarism; and hence it was that our author had occasion to discover, as he supposed, so much error in the common mode of thought in reference thereto. Among the whole community for which he wrote, he could not have found even a single man who did not connect the idea of increased life, activity, and motion with increase in the facility of obtaining money; and motion is the cause of force, or power. Every farmer in France knows well, that when money is abundant, his produce moves rapidly from his hands — enabling him promptly to purchase clothing, manure, and instruments of cultivation calculated to increase his powers and those of his land. Equally well does he know, and feel, that when it is scarce he has to wait for purchasers, and

* *Maudit Argent*, p. 56.

that then the clothier, the collector of manures, and the maker of ploughs have to wait for him. Every laborer knows that when money circulates freely, he can readily sell his time, and be a good customer to the farmer; whereas, when it is scarce, he is forced to waste much time — his family then suffering for want of food, while the farmer suffers for want of a market. Men, as well as animals, have instincts; and when philosophers are led to teach what is opposed to all that those around them are led naturally to believe, it is because they study nature in their closets, and not in her own great laboratory.

M. Bastiat did not believe that the then recent discoveries of the Californian gold deposits would “add much to the comforts, conveniences, or enjoyments of the world at large.” By augmenting the mass, they would, as he thought, “depreciate the whole.” “The gold-seekers” would “become richer” at the expense of “those who were already in possession of gold;” all of which latter would “obtain a smaller amount of conveniences and comforts for an equal sum” — the general result being a “displacement,” and “not an augmentation, of wealth.” *

It is thus distinctly denied that increase of wealth results from increase in the facility of obtaining money. In the ordinary and common-sense modes of thought, wealth is power. Of all the things yielded by the earth, money is that one whose possession confers most power; and yet we are here required to forswear the belief in a fact the evidence of whose truth meets us at every instant. So is it everywhere with modern political economy—its teachings being, throughout, in opposition to all that instinct would lead us to believe. Why it is so is, that it looks only to those qualities of man which he holds in common with the beast — repudiating all of those which qualify him for filling the place intended for **THE MAN**.

§ 15. M. Bastiat insists upon the disadvantage to the possessor of existing money, resulting from increased facility of further supplies of the precious metals; yet is it precisely the same that occurs to the owners of all other capital as the facility of *reproduction* increases — the capitalist obtaining a smaller proportion

* *Maudit Argent*, p. 42.

of the product of labor, and the laborer retaining for himself a larger one.

The planing-machine facilitates the construction of houses ; the power-loom diminishes the cost of making cloth ; the sewing-machine lessens the labor of making coats ; to the great advantage of mankind at large, but to the loss of all who have houses, cloths, and coats to sell. In like manner, the discovery of Californian gold lessens the difficulties that before had stood in the way of men desirous of obtaining money — benefiting those who have it not, at the cost of those who thus far have had it. The process in all these cases being exactly the same, the results are precisely similar — like causes producing like effects. The only real difference is to be found in the greater importance of the discovery that is here so lightly treated. Had the change consisted in an improvement in the mode of *converting* the precious metals into watches, pencil-cases, or picture-frames, it would certainly have been regarded as leading to an augmentation of wealth ; yet that greater change which so much facilitates the *production* of the raw material of watches and pencil-cases, is, as we are told, to be regarded as a mere displacement of it. That M. Bastiat should here be inconsistent with himself is not extraordinary — inconsistency being the distinguishing characteristic of modern political economy.

Had the emigrants to California, in place of gold, discovered ready-made axes, spades, or ploughs, M. Bastiat would unquestionably, and at once, have seen that great advantage must thence result to society at large—notwithstanding the tendency of the discovery to lessen the value of existing implements. He could not, however, see that benefit could result from the discovery of enormous quantities of another ready-made instrument — the greatest of all the labor-saving machines in use by man — provided by the Creator for bringing together the forces of hundreds, thousands, and millions of people, then dividing, recombining, and again dividing and subdividing them, so that of the thousands and millions, *each* might readily obtain his share of the product of the labor of *all*. The people to whom our author addressed himself proved, however, by the imaginary error he desired to correct, that they had a more accurate idea of the important functions performed by the precious metals than he himself possessed.

Had he given the subject more careful attention, he could scarcely, with his brilliant intellect, have failed to discover that, throughout the world, nations were suffering great inconvenience for want of the very instrument he so little valued—that men were forced to resort to the primitive form of barter, because of the want of a proper supply of the medium of exchange—that labor was everywhere being wasted because of that deficiency in the motion of society, so well described by M. Coquelin as existing in France—that everywhere the man who has money was enabled to make much larger profits than he could do were it more abundant—that he did this at the cost of the real parties to all exchanges, the producer and the consumer—and that all these difficulties were to be, in part at least, removed by the increased facility of obtaining the machine by means of which, alone, rapidity of circulation could be produced.

Further, had he given the subject the careful examination it merited, he would have seen that the effect of this discovery must be that of lightening the burden of debts, public and private, to the advantage of the tax-payer and the debtor—that by quickening the motion of society, it tended to reduction in the prices of commodities, to the advantage of public and private creditors—and that thus the interests of all were likely to be promoted by what had been done in California. Of all the discoveries made in our age, there is none more equalizing in its tendencies than is the one that there was made; and hence it is, as the reader has seen, that the moneyed aristocracy of France has been so earnest in its efforts for the exclusion of the cheaper gold, and for the adoption of the dearer silver, as the metal to be received in discharge of rents, taxes, or interest. Had the quantity of silver increased in like manner, gold remaining the same, there would have been the same desire for excluding it.

§ 16. Various countries being differently provided with means for satisfying the wants of man—some furnishing cotton, others wool, sugar, furs, iron, coal, gold, or silver—it is of the highest importance that the people occupying them, should feel the strongest inducements for so applying their labor as to increase, from year to year, the supply of their various commodities. To that end, it is desirable that every nation should see that if it in-

creased the quantity of that for which its soil and climate were fitted, others would do the same by theirs — thus enabling themselves to obtain more cloth, more iron, and more coal, as they sent more cotton or sugar; and this is the great inducement offered by modern economists when urging the adoption of the system usually denominated free trade.

When, however, the people of Mexico, Peru, or California study M. Bastiat's little book — or, indeed, that of any other member of the free-trade school — they find that, to whatsoever extent this may be true in regard to cotton, wool, and other commodities, it is quite untrue as regards gold and silver — the only effect resulting from increased effort being a rise of prices elsewhere, by means of which they are forced to give two dollars for a commodity, that otherwise would have been purchased with one. Such being the case, their real and true interests are to be promoted by idleness and waste, and not by that industry and economy which leads to augmentation of their products. There is, of course, no harmony of interests here.

Further, they find that it is quite an absurdity to suppose, that it is of any importance to the nations of the world whether or not their systems tend to make among themselves markets for gold and silver, and thus to cause those metals to be imported for the purpose of settling the "balance of trade." They, themselves, however, look at the question very differently from the economists, and precisely as do the producers of corn and cotton. The latter rejoice in the adoption by the various nations of Europe of a system tending to produce in their favor a "balance of trade," to be settled in cotton—knowing that increase of market tends to give them power to obtain other commodities for that they have to sell. The sugar-producer does the same; and so does the maker of cloth or of iron. Each desires to see everywhere a balance requiring for its settlement a supply of his commodity; and that it is to the interest of the gold-producers that such shall be the case with all the nations of the earth, no one can doubt. They need a larger market for their products, and that they may have it, it is required that more of the nations become rich enough to purchase gold and silver to be used as money, or to be applied to the various purposes for which they are used in the arts; that is, that more of them shall have "the balance of trade" in their

favor. This is, however, ridiculed by M. Bastiat and his disciples, all of whom deny that that can be true in regard to money which we see to be so, in reference to every other commodity yielded by the earth — thus denying the existence of universal laws.

§ 17. Certain nations have the balance of trade in their favor — being great consumers of the precious metals, and therefore good customers to those who mine them. Others consume little — the balance of trade being against them. These phenomena have, for the people of Peru and Mexico, an interest precisely similar to that which is felt in regard to the markets of Europe by the growers of cotton and tobacco. Studying them, they find that all the nations of the world that have qualified themselves for being good customers for their products, have done so by means of measures tending to bring the producer and the consumer together—to wit: Prussia, France, Belgium, and Northern Europe generally — all of which have protected their farmers in their efforts to bring the loom and the anvil to take their places by the side of the plough and the harrow. Looking next to those countries that cannot afford to buy gold or silver, they find them invariably to be those which have pursued a policy causing the balance of trade to be adverse—requiring them to export the precious metals they previously had had, and thus rendering them competitors instead of customers — Turkey, Italy, Portugal, Ireland, India, and the West Indies.

Turning next to the United States, it is seen that when they pursue a policy tending to increase the variety of employments, they are good customers; whereas, whenever they seek to convert all their people into farmers and planters, they, too, become competitors — forcing out their stock of gold and silver to Europe — thus interfering with them in that market, and lessening the demand that otherwise would there exist. Studying next the doctrines of M. Bastiat on the subject of trade, they find him advocating the policy pursued by Turkey, Ireland, and India, *none of which can buy gold*, and denouncing that of France, Germany, and Belgium, *all of which can buy gold and silver, and can thus contribute towards the development of the treasures of the earth*. The result of their examination would be to satisfy

them that, however "free trade" might operate in regard to other countries, their own interests would be greatly promoted by the adoption, in all countries, of the system denounced by the economists who follow in the train of Hume and Smith.

The harmony of true interests among men and nations is perfect, and M. Bastiat is perfectly right in denouncing the idea of Montaigne that "the profit of one is the loss of another." That, however, is precisely his idea in regard to the money-producing countries of the world, for he says to them — "The more money you send us, *the better it is for us*, as it enables us to have more gold and silver spoons, forks, and knives; but *the worse it is for you*, for we shall give you no more cloth or iron for the large quantity than we now do for the small one. Labor as you may; be as industrious and prudent as the people of Scotland; accumulate capital and improve your machinery to what extent you will; but do not expect to derive benefit from so doing, for we will raise our prices to the full extent that you increase your supplies of money — the benefit of your increased efforts thus enuring to us, and not to you." Happily, there is in all this not even the shadow of truth. Money is a part of the machinery of exchange that tends greatly to the increase of production, because it promotes combination of action; and this it does to so great an extent, that the prices of commodities tend to fall as the supply of money increases — the gold-and-silver-producing countries of the earth being thus enabled to participate with others, in the profits of their own exertions.

That they now do not do this, and that the condition of the people of the mining countries is, in general, so very wretched, is due to the fact, that the trade in this important commodity has been almost everywhere subjected to regulations tending to *diminish the utility* of the stock already accumulated — thus *increasing its value*, and diminishing the power of the people to purchase more, and thus to offer to the gold-and-silver-producing countries new inducements for exertion. This has been particularly the case in France and England, by the economists of which other nations have been, and are now being, taught the absurdity of looking to the question whether their systems do, or do not, tend to enable them to become good customers to the men who produce the precious metals. In both, the trade in money is

placed under the control of gigantic institutions, that lock up in their vaults hundreds of millions of coin, by way of preparation for crises that they themselves *invariably* produce. In both, the power of association and combination is thus diminished, with corresponding diminution of production, and of the power of purchase — the two countries whose teachers most desire to enlighten the world in reference to the advantage of perfect freedom of trade, thus setting the example of absolute monopoly in reference to the commodity that is, of all others, the most important agent in the extension of commerce. Frequent and destructive revulsions, affecting the value of the land and labor of the world at large, being the necessary result, other communities find themselves compelled to the adoption of measures of protection against their consequences.

The doctrines of M. Bastiat being totally adverse to the idea of any harmony of interests between the countries that do, and those that do not, produce gold and silver, we might, for that reason alone, safely venture to repudiate them — there being in the true interests of both men and nations, a perfect harmony.

§ 18. In his recent work, M. Chevalier says, that “money is indispensable to man from the moment of his living in society;” and that “gold and silver have, from the earliest period, been chosen for the performance of its functions,” as satisfying, more perfectly than any other commodity, the conditions required for a medium of exchange. He therefore lays it down as a principle, that, as in the case of all other commodities and things useful to man, “the diminution in the cost of producing the precious metals tends to the advancement of civilization.” The only form, however, in which its benefits would be exhibited would, as he thinks, be “in an increased facility for obtaining ornaments or utensils of gold or silver, or plated with those metals.”

In all the transactions of life, a larger quantity of money would have to be given for the same commodity — prices of all things having increased in a corresponding ratio; and this, so far from being an advantage, would prove—as regarded foreign commerce — a disadvantage. The foreigner would, as he thinks, “deliver his merchandise at the price of the country, while continuing to take that of the country at its price in the general market of the

world; and, under these circumstances, a nation would transact its business in the style of the great lord who, for a wager, sold on the Pont Neuf a piece of six francs for twenty-four sous." *

We have here again the doctrine of Hume, Smith, and of almost all other writers on this subject; yet the world presents no single country in which such results have been produced, nor is it possible that there should be such an one. The people who produce money sell it, and they desire to sell as dearly as possible — those who get it doing so, only by supplying cheaply the commodities required by those who have it to sell; and more cheaply than any other country is able or willing to do.

The whole question, and all the philosophy of money is, however, settled by the simple proposition, of universal truth, that in the natural course of human affairs, the prices of raw and finished commodities tend to approximate—the former rising as the latter fall, and the rapidity of the change increasing with every increase in the supply of the metals which constitute the standard with which prices are required to be compared.

This being true — and that it is so cannot be questioned — it follows, necessarily, that the precious metals tend towards those countries in which the cultivator obtains the largest prices for his products, and purchases cloth and iron, ploughs and harrows, at the lowest ones—those in which the *proportion* of the trader and transporter is least, and that of the ploughman is largest—those, consequently, in which commerce grows most rapidly, and men tend most certainly towards an entire emancipation from the dominion of trade.

§ 19. The power of man over matter results from combination of effort — the more perfect the power of association, the more rapid being everywhere the increase in the value of labor, and the more rapid the decrease in the value of those things for the production of which labor is required. Therefore it is, that wherever there exists diversity of employments, men are most enabled to command the services of that great instrument of association — money; and that where diversity is least, they are least able to obtain it, or to retain it even when it has been obtained.

The less the power of association — the less the artisan and the

* *De la Monnaie*, p. 375.

man who follows the plough are enabled to work in combination with each other — the greater is always the difficulty of obtaining roads, mills, or money ; and the greater the tendency towards recession from each other of the prices of raw materials and finished commodities—the former falling and the latter rising, as has been so long the case in the United States. Therefore it has been, that whenever the protective policy has been abandoned, the country has witnessed the abandonment of roads and canals half finished — the closing of mills — the exportation of coin—and the destruction of credit ; all of which is now going on in face of the fact, that California still yields from \$40,000,000 to \$50,000,000 a year. Its gold, however, has ceased to render service to the community that owns the State by which it is produced.

Money is to society what food is to the body—the producer of motion. In order that food may give motion and produce power, it must be digested, and pass gradually through the very many miles of vessels by whose help it is slowly assimilated, and made to yield support to the whole system — having done which, it passes gradually off, and chiefly in perspiration. So is it with gold and silver. That they may be the cause of motion and of power, it is required that they, too, be digested and passed gradually through the system — some portions being absorbed and retained, and others passing slowly and almost insensibly off, to be applied to the purchase of other commodities. In default of this, the supplies of California are, and can be, of no more service to the United States, than would be supplies of food to a man suffering under dysentery, or cholera. The more the latter ate, the more certain would be the approach of death ; and the more gold supplied by California, the poorer do those States become, under a system that closes the mills and furnaces of the country — that destroys the power of association — and that causes an export demand for all the gold that they receive — every step in that direction being accompanied by an increase in the rapidity with which *consumption follows production*, in other countries, and a diminution therein among themselves.

